MILITARY BASE CLOSINGS AND ITS IMPACT ON FEDERAL CIVILIAN PERSONNEL

HEARING

BEFORE THE

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POST OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES

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MILITARY BASE CLOSINGS AND ITS IMPACT ON FEDERAL CIVILIAN PERSONNEL

THURSDAY, JULY 13, 1989

House of Representatives,
Subcommittee on Human Resources,
Committee on Post Office and Civil Service,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:27 a.m., in room 311, Cannon House Office Building, Hon. Paul E. Kanjorski presiding.

Mr. Kanjorski. The subcommittee will come to order.

On December 29, 1988, the Commission on Base Realignment and Closure made its report to the Secretary of Defense and Congress. Its recommendations affect 145 installations, including 86 for closure, five for partial closure and 54 others for realignment. Congress had 45 days to pass a resolution of disapproval of the entire list of installations. It was rejected on April 18, 1989.

The commission foresees 16,800 Federal civilian positions eliminated because of the closure or realignment. Concerns have been raised that existing agency programs designed to find other Federal positions for displaced employees may be inadequate. It is critical that placement programs for dislocated Federal employees are effective if the Federal Government is to maintain a highly skilled and motivated work force.

We will hear from the Department of Defense on its priority placement program which was established to help employees adjust to base closures in the 1960's. The subcommittee would like to determine if the program is still effective and whether it will be able accommodate the large number of displaced employees associated with these closures.

The subcommittee is also interested in the activities of the Defense Department's Office of Economic Adjustment and its mechanisms to coordinate employment opportunities for displaced personnel. It is yet to be determined if the government should begin implementing on-the-job training for those employees who will not be able to transfer to other Federal positions because of lack of skills.

The Office of Personnel Management will testify on its programs which are supposed to facilitate the placement of civilian employees, specifically the displaced employee program. Concerns have been raised that some of the existing agency programs are not adequate and cannot provide for satisfactory placement of displaced employees.

In some instances, these closings and realignments may have a major effect on the communities in which bases will be closed. We will hear from Members of Congress who represent districts with affected military installations to ascertain if adequate steps are being taken to ease a difficult period for civilian personnel displaced by base closure and realignment.

The purpose of today's hearing is to determine how Congress, the Department of Defense, and the Office of Personnel Management can ease the adverse impact on the Federal civilian employees affected by base closure and realignment.

I want to welcome you all here today and we do have the distinct honor of having five distinguished Members of Congress present. To avoid any difficulty, we have really selected the members to testify on the basis of alphabetical order, and that gives us the opportunity to give priority to the lady from California, Ms. Barbara Boxer. Ms. Boxer?

STATEMENT OF HON. BARBARA BOXER, U.S. REPRESENTATIVE FROM CALIFORNIA

Mrs. **Boxer**. Thank you. I could have done it by height also. [Laughter.]

That would have worked.

Mr. Chairman, I really do appreciate—we all do—your attention to a very serious consequence of the Base Closure Act, and that is the impact of these closures on the men and women who will lose their jobs.

In the case of the Presidio of San Francisco, which is the headquarters of the 6th Army, 4,000 Federal employees are affected. That is a huge number, Mr. Chairman, perhaps making the Presidio the biggest or one of the biggest bases in the list. According to figures supplied by Presidio officials, happily half of that number will be okay, but 2,000 people will have to find new employment, 650 will be transferred with the 6th Army headquarters, 450 will retire by the time the base is closed. Approximately 900 will retain their government jobs, mostly with non-DOD agencies somewhere in the Bay Area.

Mr. Chairman, I want to make it very clear at this point I am speaking for Congresswoman Nancy Pelosi and myself. We share the representation of San Francisco. We are still very convinced that the Appropriations Committee will not close a base that will lose money each and every year for the taxpayers, and due to the circumstances involved with the Presidio, this is the case. The Presidio missions are not being phased out. They are moving to Colorado at great cost.

Secondly, the health care costs of closing Letterman Hospital are enormous.

Third, the land cannot be sold at the Presidio due to some very important legislation that was passed here before we came. The land will revert to the National Park Service for operations and maintenance. So, there can be no recouping of these costs by selling the land.

So, in sum, it will cost the taxpayers $30 million a year to maintain the Presidio after the Army leaves. So, we believe, in the end, that the Presidio will not close.

But having said that, I believe it is important, if our efforts to keep the Presidio and Army base fail, to put in the record the concerns about the closure should it go forward. And it will take me just about three minutes to do this.

We have really more questions than answers about the needs of Federal employees and how they will be addressed if the Presidio closes. But the civilian personnel director at the Presidio has been conducting work force briefings for all employees to discuss the proposed closure and to provide information. We want to put these questions and the answers that we have into your record, and I will enumerate them very briefly.

Question. Will there be an early out retirement option?

Answer: At this point, we do not know.

Question. What are the real estate reimbursements available as a result of a move to another location?

Our answer, that we believe to be the case, is that there is a homeowners' assistance program providing financial assistance to military and civilian homeowners who are forced to sell their homes, but that program, as we understand it, only kicks in if such a move will lower property values. In this case, we do not think that will happen. So, we do not think that program would operate in the Bay Area.

However, there is another Department of Defense program that covers costs incurred by an employee who must sell his or her home and buy a new one. These covered costs, as we understand it, include credit reports, transfer taxes, prepayment of a mortgage, and title insurance. And I am assuming the funds for this program would be available.

Question. Will employees receive priority for other non-DOD job vacancies in the Bay Area?

Our answer thus far: There are two placement programs which concurrently exist that would give our employees who are RIF'd the highest priority consideration for non-DOD Federal jobs. The displaced employee program and the interagency placement assistance program are operated by the Office of Personnel Management, and I assume they would be available to Presidio employees.

Question. Will retraining programs be offered and, if so, to what extent?

The answer we have is that Presidio officials say the Army will make programs available for retraining. I do not know how much they have budgeted for this and when this will occur.

You know, there is a system that sounds very good, the defense priority placement program. And it is operated by the Department of Defense. It registers individuals in a computerized system along with their skills. This list of available employees is disseminated biweekly to every DOD civilian personnel office in the world, and when a job vacancy is matched with an employee's skills and grade, the job is immediately offered to that employee. And, Mr. Chairman, this sounds like a great system, but here is the problem we see and we want to point it out to you, not just for the Presidio, but for the whole country.

The problem is that employees are not eligible until they actually receive a reduction-in-force notice, and that is usually given just 60 days before the individual is to be separated. And at this point, we do not know if an exception to this 60-day policy can be made for Federal employees affected by base closures. But I would like to see some accommodation made so that Federal employees can be registered in this program as soon as the fate of the particular base is known—in the case of the Presidio, it may be just another couple of months—and that they are given more than 60 days to find a new position.

Mr. Chairman, these are the programs that we know are in place to help Federal employees who must suffer through a reduction in force. However, I believe the Department of Defense and we in Congress must examine these programs carefully, as soon as possible, to ensure that funding and resources will be adequate to effectively ease the transition for these Federal employees who have given so much service to the people of this country. This will not be an easy task in these times of fiscal austerity.

I couldn't be more pleased that you are interested in the welfare of these good and hardworking Federal employees, and anything I can do to assist you in your job, I will be available to do.

And thank you very much.

Mr. **Kanjorski**. Thank you very much, Ms. Boxer.

Is there anything that we can add in terms of these hearings? Have you had the full cooperation of the Department of Defense and other Federal agencies?

Ms. **Boxer**. If I might just say, the people at the Presidio have been just wonderful in terms of caring about the people there. But we have these many questions. We do not know if these programs—which sound good, are well-funded enough. And again, our problem is that we think we wait till 60 days before federal employees are to be separated to notify them, it is going to be hard to place 2,000 people. That is not a small number.

Mr. **Kanjorski**. It seems an incredibly short period of time since we have so much advance knowledge of what is going on. I agree with you.

Ms. **Boxer**. Precisely.

Mr. **Kanjorski**. Very good. And if we can assist you in any other way or if you have any additional questions that you would like submitted, I would be very happy——

Ms. **Boxer**. Thank you, Mr. Chairman.

Mr. **Kanjorski**. The next Member is the Honorable Ben Campbell from the State of Colorado. Mr. Campbell?

STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL, U.S. REPRESENTATIVE FROM COLORADO

Mr. **Campbell**. Thank you, Mr. Chairman, for the opportunity to address our concerns in Colorado. I would like to submit complete written testimony with your permission and abbreviate my comments.

Mr. **Kanjorski**. So ordered.

Mr. **Campbell**. My testimony today reflects the needs and concerns of the people that work at the Pueblo Depot Activity in

Pueblo, Colorado as they have been relayed to me. We stand to lose about 450 jobs, not nearly the magnitude of my colleague from California, but certainly in a small town, that is a major factor.

The basis of the workers' recommendations at Pueblo is the desire and need for accurate and definitive guidelines on what is actually happening and when. Definitive guidelines are critical to the planning process for these workers. I am aware that realignment timetables will not be identified by the Army until October 1989, but would like to stress that the importance of workers employed by all installations targeted for closure or realignment, that these timetables not be allowed to slip. As definitive information as can be given needs to be provided and as quickly as possible.

Several of the concerns include training. We believe training is not adequately addressed. If PDA, Pueblo Depot Activity, is to be closed and if realignment occurs, more training programs need to be established to make these displaced workers more employable in other areas for those who are not transferring to similar positions elsewhere. An ongoing retraining program is essential to these people.

Second, in the area of counseling, a counseling program we feel would be of immense benefit to make this difficult transition easier. The uncertainty of the future has created problems for workers, spouses and children alike in Pueblo. Many of these families have lived in Pueblo three and four generations, and an illustration of Pueblo's special distinction is as a place with little outmigration. Residents take great pride in their roots and tend to stay in the community even in the face economic downturns. As a consequence, workers and their families want to stay in Pueblo if they can.

Third, the dispensing of information has not been adequate. Rumors proliferate and often achieve credibility as they tend to grow. If correct information was made available and sent directly to workers rather than being secreted away, a great deal of uncertainty could be abated and rumors squelched. There is no reason for such reluctance to share information on the Department of Defense's behalf.

Fourth, my colleague from California already mentioned the home assistance program. While I am aware of the institutional programs for realignment purposes that assist relocation, there are concerns among workers that those first transferred would be the major recipients of funds under this program and later subsequent transferees would be left without such assistance.

And last, we are concerned over the skill drain as expressed by my constituents. Many of the managers are highly skilled, and they are worried. Since they are readily employable, they tend to receive offers and change jobs immediately before the missions that they administer can be completed. To stop that skill drain and to protect these important missions, job guarantees should be offered. Many of the bases on the list will be phased out over a period of years, and workers critical to the mission need to be reassured that if they stay at the base until closure, they will have a position elsewhere. If a worker commits to stay, he or she needs to know that loyalty will be rewarded and a job will be waiting.

That is some of the concern that they have relayed to me, and I would appreciate your ongoing support of trying to make the transition as easy as possible.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Campbell follows:]

STATEMENT OF CONGRESSMAN BEN NIGHTHORSE CAMPBELL
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
SUBCOMMITTEE ON HUMAN RESOURCES
JULY 13, 1989

THANK YOU FOR THE OPPORTUNITY TO ADDRESS CONCERNS I HAVE REGARDING THE IMPLEMENTATION OF THE MILITARY BASE REALIGNMENT AND CLOSURE ACT AND ITS IMPACT ON FEDERAL PERSONNEL.

I HAVE ALREADY STATED MANY TIMES AND IN VARIOUS FORUMS MY OPPOSITION TO THE METHOD BY WHICH THE COMMISSION OF BASE REALIGNMENT AND CLOSURE MADE ITS RECOMMENDATIONS AND WITH THE GROSS INACCURACIES BETWEEN PROJECTED COST SAVINGS AND ACTUAL COST SAVINGS AS DETERMINED BY THE GENERAL ACCOUNTING OFFICE IN THOSE RECOMMENDATIONS. HOWEVER, IT IS NOT MY INTENTION TODAY TO REKINDLE THOSE FIRES, BUT RATHER TO ADDRESS THE VERY REAL PROBLEMS EXPERIENCED BY PERSONNEL AT THE PUEBLO DEPOT ACTIVITY (PDA), AND, I CAN ONLY ASSUME, AT OTHER AFFECTED BASES, IN ATTEMPTING TO COME TO GRIPS WITH REALIGNMENT.

THE COMMENTS AND SUGGESTIONS I MAKE TODAY ARE A RESULT OF A MEETING I CALLED WITH REPRESENTATIVES OF THE WORKFORCE OF PDA TO SOLICIT THEIR OPINIONS ON PROBLEMS THEY ARE EXPERIENCING IN TRYING TO PLAN FOR MAJOR LIFE-STYLE CHANGES. I WANT TO STRESS THAT MY TESTIMONY TODAY REFLECTS THE TRUE NEEDS AND CONCERNS OF MY CONSTITUENTS WHO WORK AT PDA.

ONE OF THE MAJOR PROBLEMS THAT IS THE BASIS FOR THESE WORKERS' RECOMMENDATIONS IS THE DESIRE AND NEED FOR ACCURATE AND DEFINITIVE GUIDELINES ON WHAT IS ACTUALLY HAPPENING AND

WHEN. DEFINITIVE GUIDELINES ARE CRITICAL TO THE PLANNING PROCESS FOR THESE WORKERS. I AM AWARE THAT REALIGNMENT TIMETABLES WILL NOT BE IDENTIFIED BY THE ARMY UNTIL OCTOBER 1989. I WANT TO STRESS, HOWEVER, HOW IMPORTANT IT IS TO WORKERS EMPLOYED BY ALL INSTALLATIONS TARGETED FOR CLOSURE OR REALIGNMENT THAT THESE TIMETABLES NOT BE ALLOWED TO SLIP. AS DEFINITIVE INFORMATION AS CAN BE GIVEN NEEDS TO BE PROVIDED AND AS QUICKLY AS POSSIBLE.

FOLLOWING ARE SOME SUGGESTIONS AND RECOMMENDATIONS THAT WOULD ASSIST IMMEASURABLY IN THIS DIFFICULT PROCESS.

1. TRAINING. IF PDA IS TO BE CLOSED, OR AS REALIGNMENT OCCURS, MORE TRAINING PROGRAMS NEED TO BE ESTABLISHED TO MAKE THESE DISPLACED WORKERS MORE EMPLOYABLE IN OTHER AREAS. IF WORKERS ARE TRANSFERRING IN SIMILAR POSITIONS, SUCH TRAINING WILL NOT BE REQUIRED, BUT IF AN EMPLOYEE CHOOSES TO STAY IN AN AREA, AN ON-GOING RETRAINING PROGRAM IS ESSENTIAL.

AS AN EXAMPLE, I AM AWARE THAT THERE ARE PROGRAMS OR GRANTS THROUGH THE JOBS TRAINING PARTNERSHIP ACT (JTPA) AND OTHERS THAT WOULD PROVIDE ADDITIONAL TRAINING FOR MANY OF THESE WORKERS. HOWEVER, UNDER JTPA, FUNDS CAN BE OBTAINED FOR ONLY ONE YEAR; STIPULATIONS TO REAPPLY EACH YEAR PREVENT EFFECTIVE LONG-TERM PLANNING. IF WE ARE TO ESTABLISH ON-GOING, VIABLE PROGRAMS, WE NEED MORE FLEXIBLE FINANCING, WITH GRANTS FUNDED FOR TWO TO FOUR YEARS. THE MYRIAD OF PROGRAMS NEED TO BE BETTER INTEGRATED, AND DEPARTMENT OF

Labor guidelines must be made flexible to accommodate these special situations.

2. Counseling. A counseling program would be of immense benefit to make this difficult transition easier. The uncertainty of the future has created problems for workers, spouses and children alike. Many of these families have lived in Pueblo their entire lives, an illustration of Pueblo's special distinction as a place with little outmigration. Residents take pride in their roots and tend to stay in the community even in the face of many economic downturns such as the loss of the major employer, CF&I Steel, continuing high unemployment and the designation as an economically depressed area.

Last year Pueblo was designated as the best place to live in the United States by a University of Kentucky study because of cost of living, availability of affordable housing, work ethic, community rapport, low crime rate, educational opportunities, etc. As a consequence, workers and their families want to stay in Pueblo. They need counseling to help them decide what they can do next. Peer counseling is important, but professional assistance must be included and should be a vital part of any transition planning.

3. Supplemental Income. Many workers at PDA rely on extra income from second jobs to make ends meet. If these workers relocate, their current incomes will not be replaced immediately. There are additional concerns that if relocation occurs into another depressed area, finding

OPPORTUNITIES FOR EXTRA INCOME WILL BE EXTREMELY DIFFICULT.

4. SAFE PAY STATUS. THERE ARE MANY WORKERS WHO HAVE BEEN INJURED WHILE ON THE JOB AND THEIR SALARY HAS BEEN MAINTAINED AT THE LEVEL WHEN THE INJURY OCCURRED, BUT THE GRADE LEVEL DROPPED. CONCERN EXISTS THAT IF A TRANSFER OCCURS TO A SIMILAR GRADE, THE SALARY WOULD DROP IN ACCORDANCE WITH THE GRADE LEVEL. IS THERE A FEDERAL REGULATION ALLOWING PERSONS TO HOLD THE SAME SALARY LEVEL AT A LOWER GRADE LEVEL? WILL THAT DECISION BE HONORED?

5. RUMORS ABOUND. THE DISPENSING OF INFORMATION IS WHOLLY INADEQUATE. RUMORS PROLIFERATE AND OFTEN ACHIEVE ABSOLUTE CREDIBILITY. IF CORRECT INFORMATION WAS MADE AVAILABLE AND SENT DIRECTLY TO THE WORKERS, RATHER THAN BEING SECRETED AWAY, A GREAT DEAL OF UNCERTAINTY COULD BE ABATED AND RUMORS SQUELCHED. THERE IS NO REASON FOR SUCH RELUCTANCE TO SHARE INFORMATION. THE DEPARTMENT OF DEFENSE SHOULD REMOVE ITS GAG ORDER ON MILITARY PERSONNEL SO ACCURATE INFORMATION CAN BE DISPENSED.

6. DOD STOPPER LIST. THERE ARE FEARS THAT IF AN INDIVIDUAL'S NAME IS PLACED ON THE DOD STOPPER LIST AND HE OR SHE IS OFFERED A POSITION AND THEN TURNS IT DOWN, THE NAME WILL BE REMOVED FROM THE LIST. IS THERE A THREE-TIME REFUSAL OPTION? ONCE AGAIN, INFORMATION AND ANSWERS WOULD BE OF IMMEASURABLE ASSISTANCE.

7. RETIREMENT BENEFITS. THERE ARE SIGNIFICANT QUESTIONS REGARDING RETIREMENT BENEFITS. IF A PERSON ELECTS TO MOVE INTO

PRIVATE INDUSTRY, WILL ALL FEDERAL RETIREMENT BENEFITS BE LOST OR WILL THESE BENEFITS BE AVAILABLE TO CONTRIBUTING WORKERS TO BE PLACED IN PRIVATE RETIREMENT PLANS? WILL THE FEDERAL SHARE BE AVAILABLE FOR VESTED WORKERS? MANY QUESTIONS AND UNCERTAINTIES COULD BE HANDLED WITH ADEQUATE AND COMPREHENSIVE INFORMATION.

IF A WORKER CHOOSES EARLY RETIREMENT, DUAL PENALTIES SHOULD NOT BE ASSSESSED AGAINST HIM OR HER. CURRENTLY, A 2%-A-YEAR PENALTY EXISTS PEOPLE WHO RETIRE BEFORE RETIREMENT AGE. ALSO, IF A WORKER DOES NOT HAVE 30 YEARS OF SERVICE, HE IS ASSESSED AN ADDITIONAL 2% PENALTY PER YEAR FOR EACH YEAR UNDER 30. WORKERS SHOULD NOT BE PENALIZED TWICE FOR EARLY RETIREMENT. EITHER ONE OR THE OTHER PENALTY SHOULD TAKE PRECEDENCE, NOT BOTH. SUCH A DOUBLE JEOPARDY POLICY DISCOURAGES PEOPLE FROM TAKING EARLY RETIREMENT, WHICH CAN CONTRIBUTE TO WORKFORCE REDUCTION THROUGH ATTRITION.

8. HOME OWNERSHIP PROGRAM. WHILE I AM AWARE OF THE INSTITUTIONAL PROGRAMS FOR REALIGNMENT PURPOSES THAT ASSIST WITH RELOCATION, IS THERE A CAP ON THE AMOUNT OF FUNDS AVAILABLE SHOULD IT BE NECESSARY TO RELOCATE MORE WORKERS THAN IS CURRENTLY ANTICIPATED? CONCERN EXISTS THAT THOSE WORKERS FIRST TRANSFERRED WOULD BE THE MAJOR RECIPIENTS OF FUNDS UNDER THIS PROGRAM AND SUBSEQUENT TRANSFEREES WOULD BE LEFT WITHOUT SUCH ASSISTANCE.

9. SKILL DRAIN. ANOTHER MAJOR CONCERN EXPRESSED BY MY CONSTITUENTS HAS TO DO WITH THE LOSS OF SKILLED MANAGERS AT THE FACILITY. THESE MANAGERS ARE READILY EMPLOYABLE AND ARE RECEIVING OFFERS TO CHANGE JOBS IMMEDIATELY, BEFORE THE MISSIONS THEY ADMINISTER ARE COMPLETED. TO STOP THIS SKILL

DRAIN AND TO PROTECT THESE IMPORTANT MISSIONS, JOB GUARANTEES SHOULD BE OFFERED. MANY OF THE BASES ON THE LIST WILL BE PHASED OUT OVER A PERIOD OF YEARS, AND WORKERS CRITICAL TO THE MISSION NEED TO BE REASSURED THAT IF THEY STAY AT THE BASE UNTIL CLOSURE, THEY WILL HAVE A POSITION ELSEWHERE. IF A WORKER COMMITS TO STAY, HE OR SHE NEEDS TO KNOW THAT LOYALTY WILL BE REWARDED AND A JOB WILL BE WAITING.

10. CONTRACT PERIODS. THERE IS ALSO THE SUGGESTION THAT BECAUSE THE FACILITY, IN THIS CASE PDA, WILL BE FUNCTIONING FOR SEVERAL YEARS, WORK ORDERS AND CONTRACTS FOR SPECIFIC JOBS SHOULD BE LET FOR PERIODS OF SIX MONTHS UP TO FOUR-YEAR MISSIONS. IN THIS WAY, MISSIONS CAN BE PHASED OUT YET WORKERS WILL BE PROVIDED WITH SOME DEGREE OF STABILITY AND WORK.

THE WORKERS ARE NOT LOOKING FOR HANDOUTS OR TO BE PUT ON THE PUBLIC DOLE, BUT SIMPLY TO HAVE SOME KNOWLEDGE OF THEIR FUTURE OR AT LEAST WHAT THE GOVERNMENT PLANS FOR IT. CERTAINLY WE CAN OBLIGE THEM WITH THAT -- A LITTLE INFORMATION PLEASE.

Mr. **Kanjorski**. Thank you very much, Mr. Campbell.

Is there anything that we could assist you or Colorado with? Have you had the total cooperation of the Defense Department?

Mr. **Campbell**. Other than the things that I have already mentioned, I don't know of any.

Mr. **Kanjorski**. If you have any further questions that you would like us to submit to the witnesses, please feel free to submit them to us. We will make sure that they are answered.

Mr. **Campbell**. Thank you, Mr. Chairman.

Mr. **Kanjorski**. Thank you very much, Mr. Campbell.

And now we have the gentleman from Kentucky, Mr. Hopkins.

STATEMENT OF HON. LARRY J. HOPKINS, U.S. REPRESENTATIVE FROM KENTUCKY

Mr. **Hopkins**. Mr. Chairman, I appreciate the invitation to appear this morning with my colleagues to explore the adequacy of the personnel problems designed to assist the thousands of employees who will be displaced by the base closing proposal recently approved by Congress.

Mr. Chairman, I represent the Lexington Army Depot which is on the commission's list for closure. This depot presently employs roughly 2,000 central Kentuckians who are wondering what will happen to their jobs and what type of help will be available as they rebuild their lives.

Since the release of the commission's recommendations last December, I have been contacted by a number of these employees who have expressed an understandable anxiety over not knowing what will happen to them. As you will probably hear from the Department of Defense witnesses later this morning, the military services, including the Army, are still working on detailed implementation plans on the base closing recommendation. These plans will contain actual dates and schedules for the closure and realignment of the affected bases and will not be ready until later this year. What it means is that there is little we can tell our constituents in terms of what, when, where and how they will be affected.

This also means it is still too early to tell how well those personnel programs which presently exist will work in handling the mass transfers and dislocation base closure will create.

DOD's priority placement program and homeowners' assistance program, as well as OPM's displaced employee program, all look good on paper and apparently have proven useful in the past. But it is simply too early to tell how well they will work once the base closure plan eliminates up to 9,000 positions and transfers 24,000 jobs.

The workers at my installation tell me that OPM and other agencies are saying all the right things as they prepare for the base closings. However, I believe that this continued interest and vigilance of the Congress and this committee is crucial to minimize the inevitable distress to affected employees. Along these lines, I would like to bring to your attention a problem I have identified which, if left unattended, has the potential to let a number of employees fall through existing cracks in the personnel system.

The existing DOD and OPM placement programs assume that affected employees will, one, have the training and qualifications to compete for other jobs in the system and, two, be willing or able to pick up their families and move across the country to another job. While this may be the case for a large number of employees, it is not the case for a certain group of workers that I consider the most vulnerable to base closings. These workers can be generically described as in their mid to late 50s, blue collar, lacking marketable job skills and not yet having reached the required magical number of 20 years of Federal service. They also tend to have deep and strong roots in their communities.

For these employees, base closing presents a stark and frightening set of options: uproot their family and try to obtain placement elsewhere in the Federal system, or take a meager amount of severance pay and try to start all over in the private sector. I believe the employees who could face these difficult circumstances deserve better for their years of dedication and hard work.

So, for this reason, Mr. Chairman, I am introducing legislation today which I commend to this committee's attention and support. My bill would allow these employees a onetime option to retire earlier than usual with full annuity. The scope is limited by providing this onetime relaxed, early out option only to employees directly affected by the base closing process.

My legislation accomplishes this by adding two more brackets of retirement eligibility for this limited group. It would create a retirement option for workers at age 55 with 15 years of Federal service and age 57 with 5 years of service.

Because of the clearly defined temporary onetime nature of this proposal, the costs are minimal. The Congressional Budget Office estimates that the cost to the Federal Civil Service Trust Fund would run from $1 to $2 million a year from 1990 through 1994, after which it would drop to zero.

Also, a successful precedent for this type of legislation can be found in the implementation of the Panama Canal Treaty in 1979 when certain employees of the Panama Canal Commission were granted a similar but more generous early out option.

Mr. Chairman, the legislation that I am proposing admittedly is designed to address the problems facing only one group of Federal employees affected by base closing. But I also believe these are the employees which have the most to lose from this process. While the Congress bought on to base closings as a cost savings measure, we cannot simply ignore the human hardship it will bring to thousands of patriotic and dedicated civil servants.

I urge, Mr. Chairman, your favorable review of my proposed legislation and your assistance in obtaining its adoption.

I once again commend this subcommittee for the interest it has shown in the welfare of these employees, and I look forward to working with you in the years ahead to minimize the human pain and social displacement caused by the base closing process.

Thank you, Mr. Chairman.

Mr. KANJORSKI. Thank you very much, Mr. Hopkins.

May I ask you if the calculations that were made by the trust fund of $1 million to $2 million would cover all those employees that are displaced over 55 with 15 years' service or 57 with five years' service?

Mr. HOPKINS. They estimate that there are 24,000 going to be displaced. This bill would affect 900 of those, Mr. Chairman.

Mr. KANJORSKI. There are 900 employees across the country that fall into this category?

Mr. HOPKINS. That is correct, across the country.

Mr. KANJORSKI. I look forward to seeing whether we can't foster that, Mr. Hopkins. And I would even consider the opportunity of perhaps taking field trips so that if you would be interested—and it would particularly address that issue in your area—we could take the subcommittee on tour.

Mr. HOPKINS. Mr. Chairman, I certainly appreciate your interest. Thank you very much.

Mr. KANJORSKI. The other thing I would like to say to you, Mr. Hopkins, I feel a little guilty because your hardship tends to be my district's pleasure. A good number of those jobs are being transferred to the Tobyhanna Depot. And I guess the only thing I can assure you in that regard is that we will work with your office if those folks decide to relocate to Pennsylvania and try and turn a part of Pennsylvania into a part of Kentucky.

Mr. HOPKINS. Thank you very much.

Mr. KANJORSKI. Thank you very much, Mr. Hopkins.

Mr. Porter, we appreciate the gentleman from Illinois. John, if you will.

STATEMENT OF HON. JOHN EDWARD PORTER, U.S. REPRESENTATIVE FROM ILLINOIS

Mr. PORTER. Mr. Chairman, I appreciate this opportunity to testify before your subcommittee on the effect that base closures have on civilian employees.

Your subcommittee displays great foresight in holding these hearings. I have said since December 29, when the Commission on Base Realignment and Closure issued its recommendations, that no matter what we thought of the commission's findings, our number one responsibility is to the civilian employees affected by the closures. Your efforts and the energies of this subcommittee will go a long way towards ensuring that the existing programs designed to alleviate adverse effects and facilitate smooth relocations will operate efficiently.

The commission recommended the closure of Fort Sheridan located in my district. I completely disagree with the commission's rationale for this decision, and I believe that the commission grossly underestimated the eventual cost of closing Fort Sheridan and the other bases. Nonetheless, the vote on the House floor indicates that the closures will be extremely difficult to stop, although I certainly will continue to try to do so.

Our first concern must be for the displaced employees. Fort Sheridan employs 1,556 military and 1,668 civilian employees. Most of the military employees will transfer with the 4th Army and the U.S. Army Recruit Command when the two units relocate to Fort Benjamin Harris in Indiana. Out of the 1,668 civilian employees, however, only 263 will be given the opportunity to move with the 4th Army, 238 with USAREC.

The Fort Sheridan Garrison employees right now total 747 who have no right of transfer and only a small portion of which will be retained to manage the reserve post that will remain at Fort Sheridan.

Current programs for civilian employees ensure severance pay, immediate retirement annuities, life and health insurance compensation, automatic lump sum payment for accumulated annual leave, homeowners assistance, and eligibility in job placement banks operated by both the Department of Defense and the Office of Personnel Management. All of these programs are important and needed. Yet, I am unaware of any estimates on how much money their operation will cost during the implementation of the commission's recommendations.

As you know, neither the commission's charter nor the implementing legislation require it to consider the cost of economic adjustment and employee assistance in determining the cost estimates of closures. At the same time, however, a six-year payback assurance was required.

While it is true that the placement programs may save money through severance pay and unemployment compensation avoidance, I think the costs of these programs should be compiled by the General Accounting Office of the Department of Defense. The numbers would help evaluate whether the closures actually result in the projected savings.

In talking to civilian employees at Fort Sheridan, Mr. Chairman, two specific concerns have come to light. First, not enough information has been provided to ensure that the civilian employees at Fort Sheridan and the other bases that are scheduled to close are fully aware of their rights and the possibilities for relocation. Right now many still believe that the announced closings are just part of another set of rumors rather than a requirement under the base closure legislation. The longer these beliefs perpetuate, the more difficult it will be to provide the smoothest transition possible. The Department of Defense and the Office of Personnel Management must be directed to go to each of these bases and truly educate their civilian employees about the base closures.

Second, while the priority placement program of the Department of Defense provides a comprehensive job placement computer tracking system, the general Federal system is not adequate. Many civilian employees have told me that they wish to continue work with the government but not with the Department of Defense. However, it is my understanding that the managers who have vacancies in other Federal departments are not required to input these positions into the general placement program. Consequently, many Federal job openings that could be filled by civilian employees at closing military installations will never be known nor available to those employees.

If feasible, Federal agencies should be required to inform the Office of Personnel Management of available positions so that these positions can be made part of the displaced employee program.

Mr. Chairman, these steps, the recommendations made by the other members of this panel and the actions that your subcommittee takes will go a long way towards ensuring that civilian employees at these installations are treated fairly and in a way that provides the greatest opportunity for relocation. We must remember that these employees represent experienced, dedicated Federal workers. We should do everything possible to ensure that our government and the American people continue to benefit from their good services.

Mr. **Kanjorski**. Thank you very much, Mr. Porter. I think you made some very good points. One or two of the questions there I intend to ask the Office of Personnel Management. I cannot understand why we shouldn't broaden it beyond the Department level itself. It is a very good question, and we will pose that.

Is there anything else that we could personally do for you or your constituents?

Mr. **Porter**. Well, Mr. Chairman, we certainly appreciate your taking interest in this very important question. As I said, our first responsibility—and I am glad to see that you said that it is yours—is to the civilian employees that are displaced. That is what we intend to put at the very highest priority in this entire process.

Mr. **Kanjorski**. I compliment you, Mr. Porter, and look forward to working with you.

Mr. **Porter**. Thank you, Mr. Chairman.

Mr. **Kanjorski**. Jim? The Honorable James Saxton from New Jersey taking care of Fort Dix, which used to be a home of mine at one time in another life. So, Jim, welcome to the panel.

STATEMENT OF HON. H. JAMES SAXTON, U.S. REPRESENTATIVE FROM NEW JERSEY

Mr. **Saxton**. Mr. Chairman, thank you very much. Like the other members of the panel who have testified here this morning, I want to express my very sincere appreciation for the interest that you have taken in this matter.

You know, as this procedure has gone forward, I have started almost bit of testimony that I have given with a statement that says, yes, I am concerned from a parochial point of view, as I am sure you would be, Mr. Chairman, if this were something that affected Wilkes-Barre, Pennsylvania, which incidentally is very close to where I grew up.

Again today I say that I am interested in this subject from a parochial view. And I think this is an appropriate place to talk about it in terms of parochial view because today's hearing is the one where we bring to light many of the aspects of this process that affect people. And that, of course, is paramount in all of our minds.

And I want to join with the other members of the panel. When Congresswoman Boxer talked about the various programs that are available through the Federal Government, programs that she has worked with in California and that I am working with in New Jersey are certainly very important programs.

And Mr. Campbell, the gentleman from Colorado, spoke about the uncertainty, the uncertainty that is so prevalent in the minds of workers at Fort Dix and across the country and in the hearts of the families that will be affected by this process. And so, I join with Mr. Campbell with regard to that.

Mr. Porter spoke about another very difficult problem, and that is that the perception at these bases that nothing is really going to happen. Certainly something is really going to happen. Federal law now says that it should happen. And so, I join with Mr. Porter in that concern.

What I heard this morning that was the most heartening to me was something that I knew Mr. Hopkins was working on, something that could go a long way to mitigate the damages to the families and the individuals that will be affected by this base closure procedure. And, of course, that is the onetime retirement option that may be made available if we are fortunate and Mr. Hopkins' bill becomes law. I certainly want to do everything that I can to work with him with regard to that subject because it is something that is certainly very, very important.

But foremost in my mind, of course, is the situation with regard to Fort Dix, and I could go on and talk for hours literally about Fort Dix and the problems that are associated with the closure process at Fort Dix because it is not being closed. It is being reduced to semiactive status, and that makes us in New Jersey, in Burlington County, in Ocean County, in Camden County, unique because semiactive status has yet to be defined.

But I just want to diverge from that for just a minute and make it very clear, and in the interest of time, I will be very brief in this part of my testimony. I will not go into the reasons for my great disappointment at the commission's decision to turn Fort Dix into semiactive status except, Mr. Chairman, to say this, that I could talk for hours and prove and have proven that with regard to Fort Dix, the commission flat out blew it. And that is I believe a subject of concern to many people with regard to this process, particularly when the facts have come out about Fort Dix.

However, I must mention for the record that the commission's use of inaccurate data and its lack of familiarity with Fort Dix, having never visited the base and its facilities, has generated a decision that is not only militarily unwise, but will levy a significant financial cost to our taxpayers. At the same time it will impose untold economic stress on New Jersey, and I will talk about that from a parochial view because for years New Jersey has considered and treated the Army and its basic training mission as a good neighbor.

Mr. Chairman, since the release of the commission's recommendations more than 6 months ago, I have been seeking to better understand the status to which Fort Dix will be assigned, semiactive status. What does it mean to the Army? What does it mean for the initial entry training mission that is carried out at Fort Dix? What does it really mean for the communities surrounding Fort Dix? What does it mean to the U.S. taxpayer? And, of course, the question that is relevant to this subcommittee and to you, Mr. Chairman: What does it mean to Federal employees at the base?

According to graphs and charts that I have in terms of supporting documents that the commission used and documents that are currently being used by the Army—and incidentally, let me say this, that the Department of Defense and the Department of the

Army have done one great job in implementing a program that I am sure they have hesitancy about as well. They have been cooperative, and the agencies that have worked with us in New Jersey, and I believe across the country, from a DOD perspective and from a Department of the Army perspective have been just great.

But the commission suggested according to graphs and charts and supporting documents of the commission, after the reduction of about 1,500 civilian employees on base, 726 people were to be transferred out, and 788 civilian employees were to be terminated. And 595 civilian employees were to be retained for the purpose of keeping Fort Dix on semiactive status. And I refer, Mr. Chairman, in my testimony—or attached to my testimony there is a chart which I have marked Exhibit A which is the commission's chart which demonstrates or lays out those figures as I just laid them out to you.

And here I can say that both Mr. Campbell and Mr. Hopkins made a very good point because one is not entirely certain about what the commission had in mind with semiactive status at Fort Dix. But the latest Training and Doctrine Command recommendation for employees to be maintained at Fort Dix, in order to keep it in reasonable shape, are demonstrated on what I have in my packet as exhibit B. Instead of 595 civilian employees, this chart, the latest information that we have, now talks about 1,172 civilian employees needed to maintain Fort Dix in its semiactive status, or a total of 1,526 employees to remain there, again adding to the uncertainty as to what the families that are involved in this can look forward to.

The latest report verifies what many of us suspected all along and that is, namely, that the commission woefully underestimated the number of employees which would be needed to maintain the base. But here again until the numbers are finalized, the employees at Fort Dix will continue to look at an uncertain future.

One thing we know for certain about semi-active status is that there is little chance for non-military use of the facilities in New Jersey at Fort Dix. I have been through all the pamphlets and all the booklets that the Department of Defense and the Defense Economic Adjustment program has compiled for our information, for perusal of the people at Fort Dix, and after carefully reviewing these documents for precedented cases that parallel or are even slightly to that at Fort Dix, I cannot help but feel that we have been left in an unreasonable and certainly unstable situation. Simply put, today nobody knows what is going to happen with regard to semi-active status at Fort Dix.

At the same time, the President's Economic Adjustment Committee has worked over the past 25 years and has certainly done an impressive job. The data and statistics demonstrate skillfully developmental leadership over all of those years. And I hope that one day Fort Dix' situation can be added to the EAC's collective history of economic success. Until then, the EAC, the Defense Office of Economic Adjustment, the State of New Jersey, the County of Burlington, the County of Ocean and the New Jersey congressional delegation have several obstacles to overcome.

For example, will there be new jobs to replace DOD losses? DOD and its Office of Economic Adjustment is concerned about that. In studying the pattern of EAC's success in the past, the measurement of the overall adjustment progress of communities affected by military base closures have depended upon the reuse of military installations. And, of course, as I said, that is not possible with Fort Dix. Again, the suspended state that has been recommended for Fort Dix will yield no room for civilian reuse, but at the same time, the base will no longer be able to retain the level of its current work force. Applying the EAC measure of adjustment equation to Fort Dix, Mr. Chairman, generates a large number of job losses no matter how you cut it.

The culminating effect of the regional economic loss as the result of loss of military personnel—and we estimate at lest 10,000, including basic trainees—and the civilian employment loss at the areas surrounding Fort Dix paints a very grim picture to the economy of Burlington and Ocean County.

Plans affecting Fort Dix additionally bear more bad news for the Pemberton Township school district. And this is one that I always have to talk about because families are so deeply affected by it. The township is currently in the middle of building a $17 million addition to their school. They are doing that because the Department of the Army said we are going to expand Fort Dix. We are probably going to bring in—this was less than a year ago—another 200 families. Your school is crowded. Your school is overflowing. Your classes are too big, and we would like to work with you to increase the size of your school.

So, the Pemberton Township school board bonded a $16.8 million addition to their school which literally doubled the size of their high school. And the township is currently in the middle of building that. The steel is up and the school is in the middle of a half-finished addition to its facilities in order to accommodate more military children. And depending on how you count those kids, somewhere up to 38 percent of the population of that school is related to Fort Dix.

The costly expansion and the prospects of declining student population, as you can imagine, Mr. Chairman, are an undue burden imposed upon that school district. And I thus respectfully request and demand that the Department of Defense assist Pemberton Township school district in what I might refer to as a hindered state of existence.

For this reason, I ask, Mr. Chairman, that the EAC and the Office of Economic Adjustment do all in its power that can be done to establish an appropriate plan of economic recovery to alleviate some, if not all, of the economic and emotional burdens that Federal employees and the local community at Fort Dix are subject to.

It is my desire to assist the individuals at Fort Dix, to assist the commanding general at Fort Dix, who has done a great job, to assist his staff in keeping the morale high at Fort Dix during this transition period. And I look to the agencies of the Federal Government and the DOD for leadership and assistance in this regard. And we have been receiving it. I urge these agencies to institute a plan as soon as possible in order to restore Federal employees trust in the Federal Government and to reestablish community stability in the general area.

And I might digress here for just a moment. You know, there are studies going on with regard to Federal employment, Federal benefits and Federal pay, and almost without exception in the northeastern part of the country, these studies have recognized the fact that Federal levels of benefits have not kept pace with the private sector. There are plans proposed to increase benefits for Federal employees in the northeastern part of the country and in other parts of the country as well. And so, while we are looking at ways to bring back into better equity the situation of Federal employees, this matter of great concern and, I might say, distrust on the part of Federal employees toward their employer is something certainly that we should all be concerned about.

And so, I urge the officials to draw up a fiscal analysis of the impacts of the military installations on local and State and Federal Governments. I urge them to secure priority consideration for all of the available governmental and private sector resources in order to provide the community and the employment for these displaced Federal workers affected by the newly imposed what I have referred to as mothball status of Fort Dix, and to assist the Pemberton Township school district in its financial predicament and provide support to actions taken to obtain emergency phaseout for the Pemberton Township taxpayer.

Mr. Chairman, I want to again express my very sincere appreciation to you for being here this morning and for your exhibition of concern for the people that those of us who are here today represent. Thank you very much.

[Exhibits A and B were retained in the hearing file.]

Mr. **Kanjorski**. Thank you, Jim. You made some excellent points there.

Again, I make the offer that if we could be of any assistance to go to New Jersey and assist you, we certainly will be willing to do that.

May I suggest one other thing? Have we inquired into the possibility of the discussions of troop cutdowns in Europe? It seem's to me that Fort Dix would be an ideal facility to relocate some of the troops that are now presently in Europe if they are to be brought back. Has that been considered to your knowledge?

Mr. **Saxton**. Well, yes, that is one of the avenues that we have pursued. And we were very encouraged for a period of time in New Jersey and may still have reason to be encouraged because of what you suggest in terms of troops coming back from Europe. However, shortly after Secretary Cheney assumed his new position as Secretary of DOD, I made it a point to go and visit with him about this matter.

He has a good argument which is that we are currently hoping to be able to negotiate with the Soviet Union a situation which will in a very real way lessen the danger of conventional war in western Europe. And the ideal way to do that is negotiate an agreement which would mean that the Soviet Union would demilitarize their troops in numbers representing hundreds of thousands of troops and that we would, in turn, demilitarize somewhere in the neighborhood of 30,000 to 35,000 troops. Now, demilitarizing them doesn't mean that they would be brought back to a permanent station in the United States. It means that they would be demilitarized and disbursed.

There are other things, however, the Department of Defense has been cooperative with. There are, for example, about 2,100 family housing units at Fort Dix. DOD has been working with us—or I have been working with them I guess is a better way to put it—to ensure that for other military families who are currently living in New Jersey and in the general Delaware Valley area, those housing units would be made available to them. Now, if that happens, that will be a significant occurrence in terms of the mitigation of the effect on the school, for example, and the effect on the economy.

There are other things that have been happening as well. The Air Force is cooperating. Wallison Army Hospital currently has somewhere in the neighborhood of 550 civilian and military employees. Some of those employees may be retained at the hospital if it is, as one option would put it, be taken over by the Air Force and downgraded to a smaller size.

Again, though, these are all things that are up in the air. We are hoping that by late September, early October, many of these questions will be defined by the Air Force and by the Army.

Mr. KANJORSKI. Very good. We look forward to working on that.

If you have any additional questions, Jim, that you would like the committee to submit to the departments that have jurisdiction on these matters, please feel free to do so.

And thank you very much.

Mr. SAXTON. Thank you.

Mr. KANJORSKI. Together with the five Members of Congress that have testified, the subcommittee has received written testimony from the gentleman from Illinois, Mr. Madigan, the gentleman from California, Mr. Matsui, and the gentlelady from California, Ms. Pelosi. They will be submitted as part of the record.

[The prepared statements of Mr. Madigan, Mr. Matsui, and Ms. Pelosi, follow:]

STATEMENT OF CONGRESSMAN EDWARD MADIGAN
SUBCOMMITTEE ON HUMAN RESOURCES
JULY 13, 1989

Mr. Chairman:

Thank you for the opportunity to bring to the subcommittee's attention major concerns that have been raised about the recommendations of the Base Closure and Realignment Commission. As you know, Chanute Air Force Base in my congressional district has been recommended for closure. You also may be aware that I am strongly opposing this proposed closure. The Illinois State Attorney General and the National Federation of Federal Employees have filed lawsuits to prevent the proposed closure. I have been working with the Illinois Attorney General, and I support these legal efforts to block the closure.

The recommendation of the Base Closure Commission regarding Chanute Air Force Base was based on substantially flawed and inaccurate information. Individual members of the Commission, the military, and the General Accounting Office have stated that there are major errors in the statements of fact upon which the Commission based its recommendations. The Commission's own transcripts reveal that their ratings process was not validated and was altered to substantiate their recommendations. Evidence of the farcical nature of the Commission's actions is the fact that Chanute recently won top Air Force awards in areas where the Commission has claimed that the base is deficient.

Last Friday, I received a letter from the General Accounting Office. The GAO has investigated the accuracy of the data used by the Commission, rescored Chanute using current information, and corrected significant errors in the Commission's work. The result is that Chanute is the second ranked base among the five Air Force technical training bases, rather than the fifth ranked as claimed by the Commission. When corrections are made in the methodology used by the Commission, Chanute ranks third.

The Base Closure law was enacted because Congress was told that cost savings could be achieved. The Commission's recommendations will save little if any money. There were so many expenses not taken into consideration regarding Chanute, that it is clear now that no savings will be achieved in the event the base is closed.

The General Accounting Office has stated that 84 percent of the alleged savings will come from personnel reductions, both military and civilian employees. There are 2,133 military personnel at Chanute and 1,035 civilian personnel. The Commission recommendation would eliminate 1,122 military personnel and 387 civilian personnel -- a total of 1,509 positions.

If the recommendations of the Commission take effect, Rantoul, the local host community, will lose approximately 50 percent of its population. Approximately one-third of the local housing is owned by base-related personnel. As you can imagine, housing values have already dropped drastically. The local school system faces the loss of 65 percent of its elementary school enrollment and 43 percent of its high school enrollment. The school system will shut down. Chanute is the second largest employer in the home country of Champaign. There are no comparable employment opportunities in this rural area of Illinois for the skilled and experienced civilians currently employed at the base.

In the July 1989 issue of Air Force Magazine, there is an article entitled "The Quiet Crisis in Civilian Personnel." In this article, growing concern is expressed regarding the future quality and skill of the civilian workforce. Civilian workers represent one-third of the total force structure -- 260,000 employees. This human resource will have to be competitive if the U.S. is going to maintain quality and effectiveness. With its technical skills, the civilian force will be called upon to support Air Force missions that depend on sophisticated technology. The Base Closure Commission recommendations propose reductions in the civilian workforce in order to obtain false savings necessary to justify their decisions to close military facilities. The result will be serious problems in recruiting and retaining qualified civilian workers.

I must salute the Chanute Base Personnel Office. Like many other facilities at Chanute, this is another top award winning office. If they are permitted to handle the transfer opportunities for civilian employees, they will do an outstanding job. However, there simply may not be sufficient reemployment opportunities for those who are willing to transfer their families and accept new positions. The only information I have received on this matter is that the Office of Personnel Management is continuing to call people to fill job vacancies at Chanute. The Subcommittee may find it necessary to legislate special early retirement for those affected by the closure recommendations who want jobs but who cannot be placed -- yet another cost of closing a base overlooked by the Base Closure Commission.

In conclusion, Mr. Chairman, in the case of Chanute, the flawed findings of the Commission may very well result in economic devastation to a rural community, an unnecessary loss of jobs for hundreds of civilians and critical reductions in the skilled workforce available to the Air Force.

STATEMENT OF

REPRESENTATIVE ROBERT T. MATSUI

POST OFFICE AND CIVIL SERVICE COMMITTEE

SUBCOMMITTEE ON HUMAN RESOURCES

JULY 13, 1989

CHAIRMAN KANJORSKI, MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR AFFORDING ME THE OPPORTUNITY TO DISCUSS THE BASE CLOSURE PROCESS, AND MORE SPECIFICALLY, ITS IMPACT ON CIVILIAN EMPLOYEES AT THOSE BASES SELECTED FOR CLOSURE OR REALIGNMENT.

AS YOU KNOW, MATHER AIR FORCE BASE, LOCATED IN MY DISTRICT IN SACRAMENTO, CALIFORNIA, WAS ONE OF THE FACILITIES RECOMMENDED FOR CLOSURE BY THE COMMISSION ON BASE REALIGNMENT AND CLOSURE. FOLLOWING THE ANNOUNCEMENT THAT MATHER AFB WOULD BE RECOMMENDED FOR CLOSURE, I ANNOUNCED THE FORMATION OF A SPECIAL COMMISSION IN SACRAMENTO, THE SACRAMENTO AREA COMMISSION ON MATHER CONVERSION. THIS COMMISSION HAS SUBSEQUENTLY BEEN CHARTERED BY SACRAMENTO COUNTY, AND WILL BE RESPONSIBLE FOR EXPLORING ALTERNATIVE EMPLOYMENT AND TRAINING OPPORTUNITIES FOR IMPACTED CIVILIAN EMPLOYEES; FOR EXAMINING METHODS TO ENSURE THAT RETIREE NEEDS ARE MET; AND DEVELOPING A MASTER PLAN FOR THE RE-USE OF THE FACILITY.

SINCE LATE DECEMBER, WHEN THIS ANNOUNCEMENT WAS MADE, A GREAT MANY PEOPLE IN THE SACRAMENTO COMMUNITY HAVE BEEN HARD AT WORK ON A COMPREHENSIVE RE-USE PLAN THAT WILL BEST SERVE THE ECONOMIC AND SOCIAL NEEDS OF THE COMMUNITY. A NUMBER OF ISSUES ASSOCIATED WITH THE CLOSURE HAVE SURFACED, BUT I COME BEFORE YOU THIS MORNING TO TALK WITH YOU ABOUT THE IMPACT THAT THIS ACTION HAS HAD ON CIVILIAN EMPLOYEES AT MATHER AIR FORCE BASE.

I HAVE MET WITH OFFICIALS OF THE DEPARTMENT OF DEFENSE TO TALK WITH THEM ABOUT HOW THEY PLAN TO HANDLE THE CIVILIAN WORKFORCE AT THE VARIOUS BASES THAT ARE CLOSING. I HAVE RECEIVED LARGE VOLUMES OF INFORMATION ABOUT EXISTING PROGRAMS, SUCH AS THE DEPARTMENT OF DEFENSE PRIORITY PLACEMENT PROGRAM, WHICH IS DESIGNED TO MATCH NEW AND EXISTING JOB OPENINGS WITH THE SKILLS OF INDIVIDUALS LOSING THEIR JOBS. IN ADDITION, THE DEPARTMENT OF DEFENSE OFFERS IMPACTED EMPLOYEES WHO MEET CERTAIN REQUIREMENTS EARLY RETIREMENT BENEFITS. SEVERANCE PAY, CONTINUED LIFE AND HEALTH INSURANCE BENEFITS ARE ALSO AVAILABLE, AS WELL AS THE HOMEOWNERS ASSISTANCE PROGRAM, WHICH IS DESIGNED TO PREVENT IMPACTED EMPLOYEES FOR INCURRING A LARGE FINANCIAL LOSS DUE TO THE FORCED SALE OF THEIR HOMES.

I HAVE BEEN ASSURED BY OFFICIALS AT THE DEPARTMENT OF DEFENSE THAT THESE PROGRAMS HAVE WORKED EFFECTIVELY IN THE PAST. WHAT WE ARE BEING ASKED IS TO MAKE A LEAP OF FAITH, THAT PAST PERFORMANCE WILL ACCURATELY REFLECT THE LEVEL OF RESPONSIVENESS WE CAN EXPECT TO SEE IN SACRAMENTO, AND IN OTHER COMMUNITIES ACROSS THE NATION.

THE REASON WHY I MAKE MENTION OF THIS "LEAP OF FAITH" IS DUE TO A DISTURBING, BUT UNDERSTANDABLE SENTIMENT I HAVE NOTICED. FRANKLY, MR. CHAIRMAN, I THINK THAT MANY CIVILIAN EMPLOYEES ARE ANGRY, AND THEY HAVE LOST A GREAT MEASURE OF FAITH IN THEIR GOVERNMENT. MATHER AIR FORCE BASE EMPLOYS ROUGHLY 1,200 CIVILIAN PERSONNEL, AS WELL AS 300 CONTRACT, OR NON-APPROPRIATED, PERSONNEL. AS YOU WELL KNOW, WE HAVE WITNESSED A GREAT DEAL OF DEBATE OVER WHETHER THE BASE CLOSURES WILL ACTUALLY YIELD THE LEVEL OF SAVINGS WHICH HAS BEEN ESTIMATED BY THE COMMISSION WHEN THEY ISSUED THEIR RECOMMENDATIONS. SINCE THAT REPORT, COST SAVING ESTIMATES HAVE BEEN LOWERED, CLOSURE AND REALIGNMENT SCHEDULES HAVE BEEN LENGTHENED, AND MANY EMPLOYEES ARE FRUSTRATED AT WHAT THEY SEE AS A UNCERTAIN PROCESS, WHICH IS LIKELY TO DRASTICALLY ALTER THEIR CAREERS AND THEIR LIVES.

EARLIER THIS WEEK, THE SECRETARY OF DEFENSE ANNOUNCED PLANS TO REFORM THE DEFENSE ACQUISITION PROCESS. THE SECRETARY CALLED FOR THE CREATION OF A SPECIAL TASK FORCE TO DRAFT SPECIFIC RECOMMENDATIONS DESIGNED TO MEET THE GOALS OUTLINED IN THE SECRETARY'S REPORT. THERE WAS SPECULATION THAT THIS REFORM PROPOSAL COULD SERIOUSLY IMPACT MCCLELLAN AIR FORCE BASE, ALSO LOCATED IN SACRAMENTO. THESE EARLY REPORTS SUGGESTED THAT MCCLELLAN COULD STAND TO LOSE UP TO 1,800 JOBS AS A RESULT OF THE SHAKEUPS PROPOSED BY THE DEFENSE SECRETARY.

NEVER MIND THAT THESE REPORTS WERE PURELY SPECULATIVE, AND THAT THIS NEW TASK FORCE HAS UNTIL OCTOBER 1, 1989 TO REPORT BACK TO THE SECRETARY. THESE REPORTS WERE PARTICULARLY DISTURBING FOR ME BECAUSE MANY CIVILIAN

EMPLOYEES, WHO HAVE THE HOPE THAT THEY MIGHT FIND EMPLOYMENT AT NEARBY MCCLELLAN, ARE LIKELY TO HAVE HAD THOSE HOPES DASHED BY THIS SPECULATION. FURTHERMORE, WORD OF THESE POTENTIAL MASSIVE REDUCTIONS IN FORCE SERIOUSLY DAMAGE MORALE AND CORPS DE ESPRIT AMONG EXISTING WORKERS AT MCCLELLAN AIR FORCE BASE.

THE QUESTION THAT WE MUST ADDRESS THEN IS, HOW CAN WE TRY TO RESTORE IN THESE EMPLOYEES SOME CONFIDENCE IN THEIR GOVERNMENT? HOW CAN WE ASSURE THEM THAT WE UNDERSTAND THE IMPLICATIONS OF THIS PROCESS, THAT WE ARE COMMITTED TO SEEING THAT THEY END UP WITH THEIR FEET ON THE GROUND, AND THAT WE ARE APPRECIATIVE OF THEIR SERVICE?

THE ANSWER LIES IN WHETHER OR NOT WE BELIEVE THAT PROMISES OF THE PAST PERFORMANCE OF EXISTING DOD PROGRAMS PROVIDE EACH OF US ENOUGH ASSURANCE THAT THE TRANSITION PROCESS WILL BE A SMOOTH ONE. I HAPPEN TO BELIEVE THAT WE HAVE AN OBLIGATION TO BEND OVER BACKWARDS TO ENSURE THAT IMPACTED CIVILIAN EMPLOYEES ARE TREATED FAIRLY AND EQUITABLY. IT SEEMS TO ME THAT THE VERY LEAST WE CAN DO IS TO GUARANTEE THAT EACH EMPLOYEE THAT LOSES THEIR JOB HAS THE RE-TRAINING OR CROSS TRAINING NEEDED TO PROVIDE THAT EMPLOYEE WITH MARKETABLE JOB SKILLS. I COME BEFORE YOU TODAY TO ASK FOR YOUR SUPPORT FOR THESE JOB TRAINING AND PLACEMENT COMPONENTS THAT WILL ULTIMATELY PROVE TO BE CRITICAL TO OUR EFFORTS TO EASE THE IMPACT OF EACH BASE CLOSURE.

WE CANNOT EXPECT THAT THE DEPARTMENT OF DEFENSE WILL ABSORB THESE EMPLOYEES INTO OTHER POSITIONS. THAT IS SIMPLY UNREALISTIC. SOME OF THESE

EMPLOYEES MAY BE ELIGIBLE FOR EARLY RETIREMENT. OTHERS MAY WELL HAVE THE SKILLS NEEDED TO MOVE DIRECTLY INTO THE PRIVATE SECTOR WITHOUT ANY JOB TRAINING ASSISTANCE. BUT YOU CAN BE SURE THAT THERE WILL BE MANY EMPLOYEES WHO ARE GOING TO RELY ON US TO SEE THEM THROUGH THIS PROCESS.

ON BEHALF OF ALL THOSE EMPLOYEES WHO ARE LOOKING TO US FOR LEADERSHIP, FOR SUPPORT, AND FOR GUIDANCE, I HOPE THAT WE CAN WORK TOGETHER TO ADDRESS THIS SERIOUS ISSUE IN A WAY THAT EFFECTIVELY MEETS THE CRITICAL NEEDS OF EACH AFFECTED COMMUNITY.

THANK YOU, MR. CHAIRMAN.

TESTIMONY OF THE HONORABLE NANCY PELOSI
BEFORE THE SUBCOMMITTEE ON HUMAN RESOURCES
COMMITTEE ON POST OFFICE AND CIVIL SERVICE
THE IMPACT OF THE RECOMMENDATION TO CLOSE THE SAN FRANCISCO PRESIDIO ON FEDERAL EMPLOYEES

JULY 13, 1989

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, THANK YOU FOR THE OPPORTUNITY TO TESTIFY BEFORE YOU TODAY. I HOPE IT WILL NOT BE NECESSARY TO ADDRESS THE PROBLEM OF ACCOMMODATING THE PRESIDIO'S FEDERAL EMPLOYEES, AS I AM WORKING WITH MY COLLEAGUE, CONGRESSWOMAN BOXER, TO KEEP THE PRESIDIO OPEN.

WE ARE PURSUING THE EFFORT TO KEEP THE PRESIDIO OPEN BECAUSE WE ARE CONVINCED THAT CLOSING THE PRESIDIO WOULD NOT PROVIDE ANY ECONOMIC BENEFIT TO THE FEDERAL GOVERNMENT. IN FACT, A PRELIMINARY REPORT BY THE GENERAL ACCOUNTING OFFICE (GAO) REVEALS THAT THE PAYBACK TO THE DEPARTMENT OF DEFENSE (DOD) WOULD TAKE AT LEAST 21 YEARS, INSTEAD OF THE TWO YEARS ORIGINALLY ESTIMATED BY THE BASE CLOSURE COMMISSION. ACCORDING TO THE GAO'S PRELIMINARY EVALUATION, THE ANNUAL SAVINGS REALIZED FROM THE CLOSURE OF THE PRESIDIO WOULD BE ALMOST 75 PERCENT LESS THAN THAT ASSUMED BY THE COMMISSION. ALL THE SAME, THE RECOMMENDATION TO CLOSE THE PRESIDIO POSES A SERIOUS THREAT TO THE ALMOST 3,400 FEDERAL EMPLOYEES PRESENTLY WORKING THERE, AND IS A MAJOR SOURCE OF CONCERN FOR THE PEOPLE OF SAN FRANCISCO AS WELL.

FOR THE BENEFIT OF THE SUBCOMMITTEE'S WORK, I OFFER THE FOLLOWING STATISTICS RELATIVE TO FEDERAL EMPLOYEES AT THE PRESIDIO, SAN FRANCISCO:

1) THE PRESIDIO EMPLOYEES ROUGHLY 3,400 FEDERAL WORKERS.
2) THIS WORKFORCE REPRESENTS 10% OF THE TOTAL NUMBER OF FEDERAL EMPLOYEES IN SAN FRANCISCO.
3) THE PRESIDIO IS THE COUNTY'S FIFTH LARGEST EMPLOYER.
4) IF THE PRESIDIO WERE CLOSED, 2,000 FEDERAL POSITIONS WOULD BE ELIMINATED BY A REDUCTION-IN-FORCE.
5) IF THE PRESIDIO WERE CLOSED, 650 FEDERAL POSITIONS WOULD BE TRANSFERRED TO LOCATIONS OUTSIDE CALIFORNIA.
6) THE PRESIDIO IS HOME TO THE REGIONAL OFFICE OF THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA), WHICH PERFORMS A CRITICAL ROLE IN HELPING COORDINATE THE BAY AREA'S EARTHQUAKE PREPAREDNESS.

AS THE GAO REPORTED TO THE HOUSE ARMED SERVICES COMMITTEE IN MARCH, 1989, THE IMPACT RESULTING FROM PERSONNEL DISLOCATIONS WOULD BE COMPLICATED BY THE INCREASED STRAIN PLACED ON THE LOCAL ECONOMY AND CITY SOCIAL SERVICES IN PROVIDING "UNEMPLOYMENT COMPENSATION, COMMUNITY ADJUSTMENT ASSISTANCE, AND MORTGAGE ASSISTANCE...". IT IS CLEAR THAT MUCH OF THE BURDEN RESULTING FROM THE POSSIBLE LOSS OF THE PRESIDIO'S ALMOST 3,400 CIVILIAN JOBS WOULD BE PLACED SQUARELY ON THE SHOULDERS OF THE CITY OF SAN FRANCISCO. FEDERAL EFFORTS SHOULD THEREFORE BE DIRECTED AT RELIEVING THE DRAIN ON CITY RESOURCES AND THE IMPACT ON FEDERAL

EMPLOYEES BY EXPANDING THE JOB PLACEMENT AND RELOCATION PROGRAMS THAT CURRENTLY EXIST, AND BY ANSWERING THE CONCERNS OF FEDERAL EMPLOYEES IN A TIMELY MANNER.

IN EARLY JANUARY, THEN-SECRETARY OF DEFENSE CARLUCCI STATED: "WE WILL DO EVERYTHING WE CAN TO HELP EMPLOYEES ADVERSELY IMPACTED BY THESE ACTIONS." MY OFFICE HAS BEEN IN CONTACT WITH THE DEPARTMENT OF DEFENSE'S OFFICE OF ECONOMIC ADJUSTMENT TO DETERMINE THEIR ROLE IN MITIGATING THE POSSIBLE ECONOMIC LOSS TO THE SAN FRANCISCO COMMUNITY. MAYOR AGNOS HAS ALSO MET WITH REPRESENTATIVES FROM THE OFFICE OF ECONOMIC ADJUSTMENT TO OUTLINE THE CONCERNS OF THE CITY RELATIVE TO OFFSETTING THE ENORMOUS ECONOMIC EFFECT SAN FRANCISCO'S FEDERAL EMPLOYEES AND THE COMMUNITY WOULD EXPERIENCE IF THE PRESIDIO WERE CLOSED. AS OF YET, ANY PLAN TO PROTECT FEDERAL EMPLOYEES HAS NOT BEEN REVEALED TO OUR OFFICES.

THE MOST SEVERELY AFFECTED PRESIDIO EMPLOYEES ARE THE MORE THAN 2,000 WORKERS WHOSE POSITIONS WOULD BE ELIMINATED BY A REDUCTION-IN-FORCE. THEIR FUTURE REMAINS HIGHLY QUESTIONABLE BECAUSE OF THE UNCERTAINTY OF THE FEDERAL GOVERNMENT AND STATE OF CALIFORNIA'S WILLINGNESS TO PROVIDE UNEMPLOYMENT COMPENSATION, JOB RETRAINING AND PLACEMENT IN OTHER GOVERNMENTAL ORGANIZATIONS.

THE DEPARTMENT OF DEFENSE HAS OFFERED TO MATCH DISPLACED EMPLOYEES WITH OTHER POSITIONS WITHIN THE DEFENSE DEPARTMENT

THROUGH THE PRIORITY PLACEMENT PROGRAM (PPP) AND THE OFFICE OF PERSONNEL MANAGEMENT'S DISPLACED EMPLOYEE PROGRAM (DEP). YET THE WAIT FOR PPP PLACEMENT CAN BE LONG, AND PROVIDES LITTLE IMMEDIATE REASSURANCE TO THOSE WHO DESIRE TO STAY IN THE BAY AREA IF THEIR JOBS HAVE BEEN ELIMINATED. GIVEN THE SPECIAL CIRCUMSTANCES OF THE BASE CLOSURES, AFFECTED FEDERAL EMPLOYEES WOULD BE BETTER SERVED IF THE DOD WOULD CONSIDER EARLY REGISTRATION OF THOSE AFFECTED BY CLOSURES TO OFFSET THE DELAYS WHICH COULD BE EXPECTED OF THIS PROGRAM.

MR. CHAIRMAN, THE PROSPECTS FOR OTHER EMPLOYEES ARE NOT WITHOUT THEIR PROBLEMS AS WELL. THE JOBS OF 650 PRESIDIO EMPLOYEES ARE SCHEDULED FOR TRANSFER TO LOCATIONS OUTSIDE OF CALIFORNIA, PREDOMINANTLY TO FORT CARSON, COLORADO, WHILE ANOTHER 450 EMPLOYEES WOULD PROBABLY RETIRE WITH THE UPCOMING CLOSURE. POTENTIAL RETIREES HAVE STILL NOT BEEN ASSURED THAT AN "EARLY OUT" RETIREMENT WOULD BE POSSIBLE. FOR THE EMPLOYEES WHOSE JOBS MIGHT BE TRANSFERRED, CONCERNS ARE FOCUSED ON THE AMOUNT OF ASSISTANCE AND REIMBURSEMENT THEY COULD RECEIVE FOR COSTS INCURRED WHILE MOVING TO THEIR NEW LOCATIONS.

THE DEPARTMENT OF DEFENSE'S RESPONSIBILITIES TO ITS EMPLOYEES, MANY OF WHOM HAVE WORKED LOYALLY AT TARGETED MILITARY BASES FOR NUMEROUS YEARS, DOES NOT END WITH THE CLOSURE OF THESE FACILITIES. THE CONCERNS OF AFFECTED DOD EMPLOYEES MUST BE ADDRESSED SO THAT THEY CAN PLAN FOR THEIR FUTURE ACCORDINGLY. THE DEFENSE DEPARTMENT MUST DEVELOP A COMPREHENSIVE PLAN WHICH ASSISTS ITS EMPLOYEES DURING THE DIFFICULT TRANSITION PERIOD AHEAD.

Mr. **Kanjorski**. Now, we will call upon our second panel today. It is the Deputy Assistant Secretary of Defense for Resources Management and Support, David Berteau, and then part of that panel also will be Anna Yurkoski, U.S. Army, Director of Civilian Employment and Classification; and then Mr. Peter Sharp, U.S. Air Force, Deputy Chief of Staff, Personnel, for the Affirmative Employment and Work Force Development Division; and then Mr. Robert Webster, U.S. Navy, Office of Civilian Plans and Policy.

I have made it a practice with all panels of non-Members of Congress testifying to administer an oath. And this isn't done for the purpose of any personal embarrassment, but it has come to my attention that over the years, Congress has failed to administer oaths. And sometimes people, therefore, consider the fact that the testimony before Congress is less important than testimony before the judiciary. And in order to be certain that that is not the appearance or the occasion, I have asked all witnesses to take an oath. So, if you do not mind, I would appreciate it if you stand and I will administer the oath.

Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God?

Mr. **Berteau**. I do.

Ms. **Yurkoski**. I do.

Mr. **Webster**. I do.

Mr. **Kanjorski**. Be seated please.

Mr. **Berteau**. Mr. Chairman, if you are ready, I will go ahead and begin.

Mr. **Kanjorski**. If we may, we do have written statements. They will be submitted in their entirety as part of the record, and if you all may synthesize your statements, we will appreciate it.

TESTIMONY OF DAVID BERTEAU, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESOURCES MANAGEMENT AND SUPPORT, U.S. DEPARTMENT OF DEFENSE, ACCOMPANIED BY ANNA YURKOSKI, DIRECTOR OF CIVILIAN EMPLOYMENT AND CLASSIFICATION, U.S. ARMY; PETER SHARP, DEPUTY CHIEF OF STAFF, PERSONNEL, AFFIRMATIVE EMPLOYMENT AND WORK FORCE DEVELOPMENT DIVISION, U.S. AIR FORCE; AND ROBERT WEBSTER, OFFICE OF CIVILIAN PLANS AND POLICY, U.S. NAVY

Mr. **Berteau**. I appreciate that and will do that.

In addition, if I might, let me suggest that many of the concerns raised by the Members of Congress that appeared on the previous panel that preceded us here this morning are, in fact, covered in the written material we have provided. Let me suggest that—with maybe a couple of exceptions, and obviously, at your pleasure we will go into any of those concerns that you want to—we would provide any additional written material that will be useful in terms of the committee being able to understand where we are on all the concerns that were raised by the Members, both in their appearances and in any supplemental material that they have submitted in writing. So, with your permission, if that is acceptable, Mr. Chairman, I will just briefly run through two or three things here.

Let me describe very briefly how we help Federal civilian employees who lose their jobs as a result of base closures. As has been pointed out, we go back many years. My statement describes that history in considerable detail, and we think it has been a pretty successful program.

Since its inception, the program has placed more than 90,000 DOD employees. Sixty-three percent of all the people who have registered have, in fact, been placed, and of the remainder, only 14 percent have actually been separated from service. And, our look at it says that a majority of those could, in fact, have been placed had they been willing to move to other locations. The GAO has looked at this program and has testified that this is the most effective out-placement program in the Federal Government.

My written statement goes into detail about how the program works. Congresswoman Boxer pointed out that people who register show up on a biweekly computer list. This goes to all DOD personnel offices. They match it against vacant positions. If, in fact, a match occurs, that starts the process that can lead to a job offer.

Each registrant determines in advance what job offers they will consider plus, of course, their skills will be a determining factor in that process. They do receive only one job offer that will meet the previously agreed-to terms and conditions. Some of the written material submitted raised some concerns about that.

It is very important to note that, in fact, the counseling that occurs when a registrant signs up is very significant. A registrant, when he or she signs up, has to decide that what they say is what they mean, that if they commit to moving somewhere if a job offer is made, that they are ready to live up to that commitment. If they are not, they should so indicate because the computer cannot tell the difference between what somebody means and what they say. All it knows is what they actually say. If you sign up and say you will move to Arizona, and you get an offer in Arizona, you have to be ready to accept that or else the system is such that you will not get a second, third, fourth, or fifth chance. But the program's track record has proven that when registrants are willing to accommodate the offers that are there, we can give them a virtual guarantee of a satisfactory offer.

The 60-day notice issue was brought up. It can, in fact, be extended. We are looking at that in particular cases, and that is an option that is available to us. We feel that particularly where the numbers are large enough, that may well be warranted and we can do that.

Concerns about homeowners' assistance money were noted. In fact—that money will be available. We do not have to worry that the first in are going to get a full amount and the rest are not. The funds will be available. People are entitled to that. And the funds will be reprogrammed as necessary, but we have the money budgeted already on what we expect to be done.

The success of the priority placement program has been true even with large numbers and large reductions in force. Just last year, for example, we had over 6,000 new registrants and 2,900 placements. That is in advance of base closures. We did have a number of terminations last year, and a few RIF's. We had sizable reduction in our civilian work force, as well as in our military work force as part of the 1988-89 amended budget.

In the current round of base closures, you pointed out that there will be up to 24,000 Federal civilians who could be affected either through transfer or termination of their job including the abolition of some 8,000 jobs. But since those registrations will be spread over a 6-year period, as mandated by the base closure act, the expected number of registrants we believe can be fully absorbed and placed in the existing priority placement program.

Given the existing DOD attrition rate of 70,000 to 80,000 full-time career professionals per year, we anticipate no problem in being able to locate employment for the majority of these people. In January of this year alone we had 18,000 or so vacancies that were announced and filled. Even numbers such as those Congresswoman Boxer is talking about, 2,000 additional people, are something that we believe—and we have looked at it very hard—we can absorb within the existing population.

With a million Federal civilian employees and the turnover rate that we have, not only can we absorb them, but that's what we want to do. We have a lot of money invested in a lot of these people. We are very proud of our career civilian work force. We think they have a lot of skills, a lot to offer to the country. We recognize their patriotism, their commitment, their dedication, and we think that if a displaced employee is in fact willing to go where we need that person, we can, as I said, virtually guarantee a job offer.

Let me review very briefly the economic adjustment activities. Congressman Saxton described the Economic Adjustment Committee and the ~~Office of~~ Economic Adjustment and some of the successes we have had. I will not go into those in much detail. We do have a good track record on community economic adjustment. It depends very much upon good cooperation between the private sector, the local government, State officials and Federal resources. The key elements are a strong local organization, a good recovery reuse plan and the appropriate Federal and State responses. And we think we have the ability and the track record to mix those key elements together to succeed.

We follow the standard economic development approach. We link the advantages of a particular area, such as location or work force skills or infrastructure, to the industrial and commercial needs that exist today in America. When a base closes, we first help place the dislocated workers. We then work with the communities to attract new or expanding firms. And the key to this, of course, is a community-supported reuse plan for the facility. This plan then guides the conversion and development of the former installation.

This program has been very successful and my statement goes into more detail on that as well. In 100 former bases that we have studied, for example, 93,400 jobs that were lost have been replaced by 138,000 new jobs.

The particular case that Congressman Saxton raised of Fort Dix and the semiactive status is potentially comparable—and we are working this one very hard—to plant closings, such as we have experienced with the B1 bomber plant at Palmdale, in California, and with the C5-B plant with Lockheed, in Georgia. We have had a very good track record working with the state and local labor and other officials in placing the employees whose jobs are being affected by those plant closings. We see the potential for a similar process, a very productive process, with respect to Fort Dix, and we are working very closely with them to maximize that. We do expect success there and that they will be added at one point to our list of the other success stories.

Finally, let me review the current situation. The law stipulates that all closings have to be completed by September 1995. They have to be under way by September 1991, but none of them can start before January 1, 1990.

Within this tight schedule, we obviously have a lot of work to do. We have to plan, budget, and design facilities at the receiving installations,including yours; to conduct environmental reviews; to inventory and document the properties; and to prepare new facilities. In addition, there is an accelerated property disposal process.

But the affected communities have already formed reuse committees to handle the local planning and the implementation. We are ready in the priority placement program to move forward. We have already made two planning assistant grants to local areas, and we expect to make several more very soon.

Because of the tight schedules and the accelerated disposal process, we believe that the recovery times needed in the communities will be shorter than in our previous experience. This suggests that the lost jobs and the other economic setbacks can be overcome sooner than before. That is why we support and urge the earliest possible organizational and planning activities in the affected communities. And as I mentioned, they are all doing that. The sooner the plans are drawn up and implemented, the sooner the displaced workers can be placed elsewhere.

Let me conclude by emphasizing that closing bases can be, and usually is, a success story. DOD civilian employees who want other jobs can get them. Community development reuse plans work. They generate more jobs and a more diverse economy than existed before. The impact of the current round of base closures can and will be accommodated within our existing programs of priority placement and economic adjustment, and we seek your continued support for each of these successful programs.

Mr. Chairman, I would like to stop right there. I would be pleased to answer any of your questions that you might have.

[The prepared statement of Mr. Berteau follows:]

STATEMENT BY

MR. DAVID J. BERTEAU

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(RESOURCE MANAGEMENT AND SUPPORT)

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

(FORCE MANAGEMENT AND PERSONNEL)

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

HOUSE OF REPRESENTATIVES

FIRST SESSION, 101ST CONGRESS

DEPARTMENT OF DEFENSE

BASE CLOSURES

IMPACT ON DISPLACED CIVILIAN EMPLOYEES

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JULY 13, 1989

Mr. Chairman, distinguished members of the Subcommittee. Thank you for this opportunity to describe the ways in which the Defense Department's civilian personnel priority placement program and our economic adjustment program relate to Public Law 100-526, the Base Closure and Realignment Act of 1988.

I am David Berteau, Deputy Assistant Secretary of Defense for Resource Management and Support, and currently overseeing the Office of the Assistant Secretary of Defense for Force Management and Personnel, in the absence of an Assistant Secretary. I will cover three main areas today:

- Our program for civilian personnel
- Our program for community economic adjustment
- The current setting under the Base Closure Act.

First, let me describe how the Department of Defense accommodates employees who lose their jobs as a result of base closure, transfer of function outside the commuting area, contracting and other actions that necessitate reduction in force. Our actions in this area date back many years. In fact, in 1965 when Secretary of Defense Robert McNamara planned to close a significant number of military bases, he made a commitment to the Congress that all affected employees would be guaranteed a job offer.

As a result of this, the Department implemented a computerized system called the DoD Priority Placement Program to match the skills of surplus employees with vacant positions. In 1972, we discontinued the iron clad guarantee of another job offer when affected employees were permitted to select locations in which they were interested in being placed. Since the inception of the program more than 90,500 surplus employees and those completing overseas assignments have been placed in continuing positions. We are happy to report that the overwhelming majority of these placements continue to be successful. Follow-up surveys with managers and first line supervisors have been conducted periodically and for several years these surveys have reflected a satisfactory placement rate of over 99 percent.

The Priority Placement Program is the primary instrument through which all adversely affected career and career-conditional employees who are interested will be offered placement assistance. The program has been very effective in placing registrants as indicated by the following:

Placed in another DoD job	57%
Placed in another Federal job	4%
Placed in non-Federal job	2%
Total placed	63%
Retired	15%
Resigned - withdrew registration	8%
Separated*	14%

*A majority of those 14% who were separated could have been placed had they been willing to move to other locations in the same general geographic area (e.g., the Southeastern U.S.) but outside their current commuting area of employment (e.g., Charleston, South Carolina).

The Priority Placement Program is also very cost effective. The General Accounting Office (GAO) has thoroughly evaluated the program on two occasions and verified that several million dollars are saved each year by the avoidance of severance pay, unemployment compensation and lump sum annual leave. The GAO testified before the House Subcommittee on Human Resources on October 2, 1984, that this is the most effective out-placement program in the Federal Service. We believe that much of the program's success can be attributed to a strong commitment from top management. This commitment is reflected in instructions to the heads of the military departments and defense agencies for commanders to minimize any adverse impact on individuals affected by work force reductions and realignments. Because of this top level emphasis, the program is now an integral part of the overall DoD civilian personnel management system.

Let me briefly describe how the program works. The DoD Data Support Center (DDSC) in Dayton, Ohio, serves as the operating center for the program. Completed registration forms are submitted to the DDSC by the civilian personnel office providing service to the adversely affected employees. At DDSC the pertinent data are entered into the computer in preparation for referral to activities having appropriate vacancies. The DDSC issues a computer listing, on a bi-weekly basis, to all DoD activities which reflects the skills available for each location. This is called the "Stopper List." Each of the approximately 760 DoD activities employing 50 or more civilians receives a unique Stopper List in that only the skills available for that location are included. Civilian Personnel Offices continuously match vacant positions against the Stopper List and when a match of occupational series and grade occurs, a requisition is telephoned into the DDSC and resumes of registrants are dispatched the following day.

At this time all promotion, reassignment and hiring action is stopped or deferred pending resolution of the Stopper List match. Upon receipt of the resumes, the personnelist telephones the registering activity, insures that any specialized factors of the job are met by the registrant and, if so, tenders the offer. Employment offers are always communicated between civilian personnel offices. Upon receipt of the offer, the registering activity relays it to the registrant who is then given 24 hours to accept or decline. This tight time frame is possible since the registrant is counseled prior to registration and is registered only for those occupations and locations for which he or she is available. The registrant will receive only one job offer that meets the previously agreed-to terms and conditions. A valid offer is an offer that does not significantly change the conditions of employment and is for a skill, grade and location that were deemed acceptable by the registrant. Declining a valid offer will serve to permanently delete the registration.

DoD attempts to place surplus employees as close to the current duty site as possible and some 60 percent of all placements have been made within the registrant's commuting area. This is possible because approximately 70 percent of all Defense activities are located in a labor market area that contains at least one other Defense activity.

Registrants are assigned one of three numerical priorities depending on the severity of the action, and offers to vacant positions are mandated across component lines for the top two priorities. These are persons scheduled for separation or severe downgrading. Relocation expenses are paid by the releasing activity when placement is outside the commuting area. We permit registration for up to five skills for which the person is fully qualified at the current grade and up to three grades lower. The area of referral is no broader than is reasonably necessary to assure an offer.

The program's track record has proven that when registrants are available for placement on a reasonable basis, there is an excellent possibility for a satisfactory offer. This has been true even when huge reductions in force have resulted in large numbers of registrants. At the present time there is a fair amount of activity in the program as a result of cutbacks due to budgetary constraints and the contracting of services to the private sector. To illustrate, during May 1989, there were 203 new registrants and 159 offers of placement and at the end of that month there were 1,210 registrants in the system. Today there are 1,528 registrants in the system. In calendar year 1988 the PPP system accepted 6,062 new registrants and 2,900 DoD employees were placed.

In the current round of base closures, we estimate that approximately 24,000 persons could be potential registrants, including those affected by the abolition of some 8,000 jobs. These registrations will be spread over a period beginning in January 1990 and ending not later than September 1995, the period of time mandated by the Base Closure Act. The expected number of registrants can be easily absorbed and placed in the existing Priority Placement Program.

The Army projects the largest net loss of jobs with 5,109; the Air Force has 2,412; and the Navy 185. The following is a breakout by component of the numbers and location of jobs affected by major base closure and realignment actions.

	NUMBER OF JOBS AFFECTED	
BASE	LOSS	GAIN
ARMY		
Fort Dix, New Jersey	1,516	0
Presidio of San Francisco, California	3,150	0
Lexington Army Depot, Kentucky	1,131	0
Fort Sheridan, Illinois	1,681	0
Army Material Technology Laboratory, Massachusetts	540	0
Fort Devens, Massachusetts	611	2,784
Fort Huachuca, Arizona	1,233	917
Pueblo Army Depot, Colorado	542	0
Cameron Station, Virginia	4,355	0
Fort Belvoir, Virginia	1,390	4,711
AIR FORCE		
George Air Force Base, California	506	0
Mather Air Force Base, California	1,012	0

Norton Air Force Base, California	2,133	0
Chanute Air Force Base, Illinois	1,035	0
Pease Air Force Base, New Hampshire	400	0
NAVY		
Brooklyn Naval Station, New York	544	0

Of the jobs to be abolished, approximately 75% are General Schedule (white collar) and 25% Wage Grade (blue collar). The skill levels range from low grade clerical and laborer to professional and scientific. Given an existing attrition rate, which has been running around 70 to 80 thousand vacancies annually, there should be no problems in locating employment for the majority of these persons. If a displaced employee is willing to move on a DoD-wide basis, we could probably guarantee another job offer today in the same manner we did upon inception of the program.

Let me now review our economic adjustment activities. The ASD (FM&P) also serves as the Secretary of Defense's delegate to chair the President's Economic Adjustment Committee, an inter-agency group of 18 Federal agencies that provides coordinated assistance to impacted communities. Executive Order 12049, issued in 1978, provides the formal direction for the EAC. Its inter-agency approach aims to have the Federal Government speak with one voice to the communities.

Under the auspices of the EAC, the Department's Office of Economic Adjustment has worked with more than 400 communities in addressing a variety of major impact problems. We began first with the large base closure packages of the 1960s, followed by the round of major realignments in 1973-1974, and finally by the selective expansion of new bases during 1978-1989. OEA has also helped a few communities affected by weapon system cutbacks and is now working with the Services and a number of communities that will be affected by the Base Closure and Realignment Act of 1988.

Community economic adjustment is a dynamic process that involves the private sector and local, State, and Federal resources. There are several elements in the process essential for successful economic recovery. Let me summarize them:

o Local Organization: Of paramount importance is a local public leadership group representing private and public sector interests. This organization provides overall policy direction to the recovery effort.

o Recovery Action Program and Plan: The leadership group, supported by EAC and State and local agencies, must formulate a specific action program to redevelop the base facilities.

This action program must be based on a locally-generated recovery plan that sets forth the various potential reuses (e.g., industrial/commercial, education, health, recreation, open space, etc.). This reuse plan becomes the foundation for a variety of necessary action on the part of local authorities, including appropriate zoning. A key part of the action program entails identifying resources needed to implement the plan.

o Federal/State responses: Under the terms of the Executive Order, Federal and State agencies must respond on a priority basis to the specific needs and actions called for in the recovery action program/plan.

Taking these requisites as its basis, Defense's economic adjustment program follows the economic development approach used in many states and localities. Broadly speaking, these development programs try to link area advantages, such as location, work force skills, or infrastructure, to industrial and commercial needs. Where there are major reductions, we first help place the dislocated workers; we then work with the communities to attract new or expanding firms. When bases close, the principal effort is aimed at developing a community supported reuse plan for the facility. This plan then guides the conversion and development of the former installation.

This program has been very successful, and the local economic effects of closing military bases have been widely studied. We have tracked a sample of 100 former bases to see how the communities dealt with the losses. The broad effects are:

o 93,400 civilian jobs were lost, but have been replaced by 138,000 new jobs.

o 42 former bases are being used as municipal or general aviation airports.

o 75 former bases have industrial and office parks.

o There are 24 four-year colleges and 33 post-secondary vocational-technical schools housing 53,700 students.

o 57 former bases have 7,800 high school vocational-technical students enrolled, with another 8,100 trainees in school.

In short, most of the post-closure economies are more diversified and of higher economic levels than when the bases were open. These accomplishments are summarized in our reports, Twenty-Five Years of Civilian Use and Communities in Transition, which I will provide to the Committee.

These successful recoveries did not just happen, of course. Much effort was required both from the private sector and all levels of government, especially at the local level. Local reuse committees and councils planned and implemented the recovery programs. Local citizens and officials found ways to blend the reusable base facilities into a comprehensive area economic development strategy and, in that way, to broaden the attractiveness and marketability of the properties. Regaining the prior economic levels usually took three to four years.

Let me now speak briefly about the current setting.

The base closure law stipulated that all closings have to be completed by September, 1995; that all closures have to be underway by September 1991; and that none can start before January 1, 1990. With this tight schedule, Defense must now plan, budget and design facilities at the receiving installations. During the next year or so the Services will conduct environmental reviews, inventory and document the properties to be declared excess to military needs, and prepare or construct the new facilities.

The affected communities are presently forming reuse committees to handle the local economic adjustment planning and implementation. Under our community planning assistance authority we have already made two planning assistance grants and expect to make several more soon.

The base closure law specifically delegates authority to dispose of the military properties to the Secretary of Defense from the Administrator, General Services Administration. It also allows Defense to retain the property sale proceeds. We are taking advantage of these authorities to accelerate the process of screening properties among both military agencies and other Federal departments. This means that agencies wishing to acquire properties will be expected to pay appraised market value for them and to give evidence of their interest by a budgetary commitment. Properties not taken by Federal agencies will then quickly become available for disposal to States and local governments and to the private sector.

Because of the tight schedules and accelerated disposal processes, we believe the recovery times needed in the communities will be shorter than in our earlier experience. This suggests that the lost jobs and other economic setbacks can be overcome sooner than before. That is why we have tried to support the earliest possible organizational and planning activities in the affected communities. The sooner the plans are drawn up and implemented, the sooner the displaced workers can go back to work.

In conclusion, let me emphasize that closing bases can be, and usually is, a success story. DoD civilian employees who want other jobs can get them. Communities develop reuse plans that work, generating more jobs and a more diverse economy than before. The impact of the current round of base closures will be accommodated within our existing Priority Placement Program and our Economic Adjustment Program, and we seek your continued support for each of these successful programs. This concludes my statement, and I would be pleased to answer your questions.

Mr. **Kanjorski**. Yes. Maybe the first question off is could we anticipate a further facility closing by the Department of Defense beyond the base closings that have already been contemplated and announced?

Mr. **Berteau**. There certainly hasn't been any decision in that regard. But the Secretary has, I believe, speculated that the economic situation being what it is, and the expected budget being what it is, and the need to restrict the amount of money we spend on national defense—it is certainly in the realm of possibility. We do not have any process under way right now that is actively looking at any additional base closures.

Mr. **Kanjorski**. Assuming that that process would occur, have you taken that in to see what impact it would have on your present anticipated capacity to place these people?

Mr. **Berteau**. In a very cursory way in terms of "what if?", what if it were triple the size that it is right now, what if it were quadruple the size that it is right now? We believe two things in that regard. One, that we can watch the programs carefully enough. If, in fact, the projections say, for example, that we have base closings pushed out to 1995 from this list and in 1992 during the budget process we added more base closings, then we will have enough lead time to take additional steps to accommodate what looks to be needed in there—we will have enough lead time to propose solutions and be able to expand the program as needed to do that.

Mr. **Kanjorski**. And I assume you have taken into consideration potential economic down turns, what impact this would have on the private sector that would impact on the government.

Mr. **Berteau**. Yes, sir.

Mr. **Kanjorski**. Do you see any reason why we can't give more advanced timetables for closures? It seems to me that all the Members of Congress who testified today and the people that I talked to that are in this regard, there is sort of an anxiety stress factor that is out there. They are really not quite sure what to do with their lives over the next four or five years while they are finally awaiting what may happen to their job. Is there any way that we could give a timetable with more certainty as to what they could anticipate?

Mr. **Berteau**. That is a significant concern and one that we are certainly sensitive to. I think all the services of the affected installations have been pushing very hard to finalize that timetable and be able to make it public. The Air Force has recently done so in terms of both the existing installations and what will happen to them. The Army expects to do so by October 1. We do expect to hold them to that timetable. They expect to meet that timetable.

Recognize that we got started on this only when the commission's recommendations were actually approved by the Secretary and then we went through the congressional cycle. So, it has been a fairly fast track, but we are very committed to finalizing the timetable, making that information public, making it available. Our standard rule is if it's an effective base closure process, then it's open, it's public, and it's available. As soon as we reach a definitive timetable there, it will be out and available.

Mr. **Kanjorski**. I assume for strategic negotiation purposes that we have not talked about what will happen if we do bring troops home from Europe and when and how and under what circumstances. But is it reasonable for this committee to assume that in the corridors of the Pentagon, that they have played with this game as to just what will happen and the impact of that and where they will be placed if troops are brought back?

Mr. **Berteau**. We are looking at that in the aggregate, not in terms of each unit. Obviously, the decisions have not gotten down to the level that you know what forces, what units, et cetera.

There are a couple of significant questions that remain there that really are beyond the realm of DOD to address. The most significant, in fact, is: would you demobilize the forces, actually take them out of the active duty status, put them in the reserves or out of the force structure entirely? If you do that, you have a very different impact, very different concerns in terms of what kind of support structure, what kind of basing structure, what kind of employment, and specifically Federal civilian employment and private sector supporting employment would be associated with that.

So, we have not postulated that in terms of every specific individual, each unit, each base and that sort of thing. But in the aggregate, we are looking at that very closely. We are watching it very closely. And it will be a significant aspect of the manpower implications.

Mr. **Kanjorski**. In your long-term planning, do you take that into consideration and have you worked it out? In other words, things would work out well and it would not be a crisis put on you because of something that happens in Geneva. I assume that these are one of the contingency things that you normally do in planning. Is that correct?

Mr. **Berteau**. Yes. The numbers being talked about right now in terms of the West's proposals in the conventional forces talks are manageable.

Mr. **Kanjorski**. You heard the proposal that Congressman Hopkins has put in or is going to submit today about the early retirement, special provisions covering 900 people and will allow at 55, 15 years service to get early retirement, at 57, 5 years service for early retirement. And I think he indicated it would affect 900 people and cost somewhere between $1 million to $2 million for a period of up till 1995. Has the Defense Department given that any consideration as to whether that is a viable alternative, and should we seriously look at it?

Mr. **Berteau**. For me that was the first time I had heard of the proposal this morning. So, I haven't been able to either look at the substance of the proposal itself or the numbers to the degree to which those numbers are what we would project. I do not know whether my colleagues here have anything to add on that. We will certainly take a hard look at it.

Mr. **Kanjorski**. Would it be possible for you to take a hard look at it and get a report back to the committee and even a cooperative effort by the Department of Defense to see whether this isn't a viable alternative specifically for those 900? I can understand the difficulty of relocating and replacement at that age group and particularly coming from areas of the country where they really do not want to leave and come to Pennsylvania or go to some other state.

Mr. **Berteau**. Yes, sir.

Mr. **Kanjorski**. I appreciate that.

[The information follows:]

The Department's report on Mr. Hopkins' bill is being reviewed by the Office of Management and Budget.

The other thing that I guess I am concerned about and I am sure that ultimately the full Congress will be concerned about is initially when the commission had made these recommendations, they talked about eliminating 24,000 civilian positions, and now it seems they are talking about 16,800, and they are pulling down. If that is the case, is that going to decrease the amount of savings that were originally anticipated by the commission's report?

Mr. **Berteau**. The 24,000, or actually in excess of 24,000, was originally broken out to be about 16,000 that were going to be transferred elsewhere and, therefore, would no longer be in the existing installation, and another 8,000 that would be eliminated entirely.

To my knowledge, the impact on savings was, in fact, based on those numbers originally. That money, the near-year money, is already been taken out of the budget. Secretary Cheney in his exercise last spring going through the amended budget cycle after he took office said; "those savings are going to be there. We are going to take them."

So, it is not a question at this stage of the game of adding back particulars, although there are plenty of put and take kinds of adjustments that need to be made because the level of detail that the commission looked at was not necessarily a sufficient level of detail for the implementation. As we look at moving individual tenant activities and that sort of thing at the installations, there are some minor adjustments that are still being made in there. But the aggregate numbers by and large still hold.

Mr. **Kanjorski**. Still the same as they were originally.

I was impressed with Mr. Saxton's testimony on Fort Dix because of going to an inactive status and the effect that that has on the school districts' and the communities' infrastructures and financing of those infrastructures. I assume that you are doing everything you can and there are programs in place in the Defense Department to effect these impacts. Is that correct? Or is there any other need that you see Congress to take an active role now to provide a mechanism or means to alleviate this type of stress or strain?

Mr. **Berteau**. There are broad programs, of course, that cut across the Federal Government, the impact aid program and so on. They are actually administered by the Department of Education, and DOD personnel or the dependents of DOD personnel are among those groups covered by that impact aid.

The particular case at Fort Dix we are looking at very closely. Mr. Saxton mentioned the family housing and the possibility of additional people being housed there. We are optimistic we will be able to work something out. If we can't, then we are going to look at what options are there in terms of being able to address the impact issue.

Mr. KANJORSKI. I am just wondering how depthful your analysis goes. I will give you an example of one of the problems I see.

For instance, in Texas—I do not know if you are closing any bases in Texas, but I would assume since Texas is a very large state, that you may be. And they are suffering from the S&L disaster and their real estate market is suffering from a huge disaster. And at this point to have personnel leave or sell their homes in Texas to go to another area would put them under great stress and strain because there is no market for their home at the present price. Have there been provisions taken by the Defense Department that maybe you'll land bank or house bank those homes and not to exacerbate the situation for the real estate market generally in Texas as a whole or whatever area of the country we would be talking about? Arizona is another perfect example. Or have you also taken into consideration that loss of equity that would be suffered by the relocatee and how you would make that up in another area?

Mr. BERTEAU. My understanding is that the assistance we do provide—and I would ask any of the service representatives to elaborate on my answer on this—is a result of the direct actions that the Defense Department is taking. We are not at the point where we really are accommodating, in fact, changes in the state economy.

[The information follows:]

Those employees affected will be entitled to all that the law allows in relocations. The Homeowners Assistance Program provides significant relief in this area and takes into account depressed real estate markets. This is not to state that some persons will not suffer some financial loss, but in making cash payments when a home is sold in a depressed market or when the Government buys the house, the fair market value of the property prior to the base closure announcement is taken into consideration. Additionally, practically all expenses incurred in the sale of a home are reimbursable. Travel and transportation of household goods also will be paid by the Government to the extent permitted.

Mr. Chairman, the record of the DoD Priority Placement Program reflects much success in placing surplus employees within the communting area, and we trust that this will also be true in these base closures. This will reduce further the number of employees who may suffer some financial loss in the sale of home. We will do all that the law permits and which is prudent.

Mr. KANJORSKI. I think under normal circumstances, that may be adequate, but particularly when you take the crisis in the S&L industry, for instance, Arizona's real estate market has depreciated in the last year by about 40 percent. So, most people that would have bought a home in the last five years as a result of that depreciation probably have less equity in their home than the mortgage. They could not cover the mortgage if they were to sell their homes.

If that being the case—and it is not unique to Arizona. It is common in many S&L disaster States—I think it is important now for the protection of the employee, but also for the protection of the host community that you do not exacerbate their real estate situation or bring down further economic implications in their area as a result of this relocation.

Mr. BERTEAU. Pete, are you all experiencing anything with that?

Mr. SHARP. No.

Mr. BERTEAU. I am not aware, Mr. Chairman.

Mr. KANJORSKI. I don't think that attention will be made until they walk down and make the change, and in that 60-day period, a lot of people are going to get an eye-opener when they are living in a place that they can't possibly sell for the amount of the mortgage they owe on it.

I just would suggest that it would be perhaps wise for the Department to coordinate that with other areas. FDIC not only will run the risk as to what effect this will be, and perhaps with even the Housing Committee if there are some programs that should be undertaken to see that that doesn't happen, or that if it does, the impact is the least it can be.

Mr. **BERTEAU**. We need to take a look at that.

[The information follows:]

I can assure you that the Defense Department will do all that is right and authorized for these persons and the communities to keep hardships to a minimum.

Mr. **KANJORSKI**. Very good.

There is one problem that we have on the excepted service employees, why they will not be given the same benefits to be placed as the competitive service employees, why that distinction is being made. I understand there are a great number of professionals that just will not get the same protections or the same opportunities.

Mr. **BERTEAU**. I am not sure the numbers are that large.

[The information follows:]

In fact, I am confident that the numbers are a very small percentage of those affected; however, we are aware that such persons have the same concerns and apprehensions of other employees. We will do all that we can for these excepted employees. We all do all that we can for these excepted employees so that there significant skills can be retained by the Department.

Ms. **YURKOSKI**. I might be able to comment on that.

At the current time, the priority placement program does cover the competitive service employees. It does not cover the excepted service employees, as you indicate. That, however, has been a subject of discussion among the services, and we may need to make some changes on that once we can get a fix on how many people we are talking about in the excepted service that are affected either by move or by abolishment of position. That has been discussed at least once or twice among the services, and we intend to discuss it some more.

Mr. **KANJORSKI**. Is there existing authority for an administrative act to resolve that problem without legislative action?

Ms. **YURKOSKI**. I believe there is, sir, because of the types of appointments that they are on, and those appointments permeate the Department of Defense. I believe we can handle that.

Mr. **KANJORSKI**. So, it is reasonable for us to conclude that there will be a reanalysis made and we will be notified as to whether there will be a change or no change, and if there is a change, what the ramifications of that change will be.

Mr. **BERTEAU**. We will undertake to do that. We will specifically address the question of whether, in fact, existing authority is sufficient in order to be able to accommodate any eventuality that we can perceive there. And if not, we will notify you as to what is needed.

[The information follows:]

We have looked into this matter again and have concluded that there is existing authority to accommodate affected excepted service employees in the Priority Placement Program (PPP). The next regular meeting (October) of the PPP's Board of Directors will address any procedural changes that will be necessary to include them in the system. You can rest assured that we are committed to retaining all skilled people in the Department, whether competitive or excepted, and our planning will be on that basis.

Mr. **Kanjorski**. I think it is very important, particularly in light of one of the Member's testimony that in this process of 5 years, particularly some of the excepted employees are strategic to the mission. And we certainly do not want that type of running off.

Having been a lawyer in my private life, if I knew that three to five years from now I wouldn't have my position and I had the offer of a partnership or an association now, I am not sure I would have the "stick-to-it-iveness" to stay with the government. I would have to protect my family. It puts me in a terrible conflict.

And it seems that in so many areas of government today we are having a drain of the scientists or the professional and the very highly trained, that we wouldn't want to see that carried over in this move. I think it would be a bad precedent to establish that we do not care about these highly trained, highly skilled people. If an accommodation can be made there and a better treatment for a better placement, I think it would alleviate all our worries about that problem.

Mr. **Berteau**. Yes, sir. We will certainly look at that.

Mr. **Kanjorski**. I see that we have the pleasure of Mr. Gilman. Let the record show that our ranking member of the committee has arrived. Allow me to give the opportunity, Mr. Gilman. You have some questions I am sure.

Mr. **Gilman**. Mr. Chairman, I am so pleased you are conducting these hearings at an appropriate time when we are considering all of the problems regarding the use of some of our military bases. I want to welcome the panelists who have come before us so that we can know how better to deal with this particular situation. As you know, a large number of our civilian workers are employed on military bases, and the effect upon them was not addressed to the satisfaction of a number of us at the time some of the base closing legislation was before the full House. And now that we have that opportunity, I certainly welcome the time to get into this.

I also want to express my appreciation to our witnesses for their testimony. I regret that I had a prior commitment that prevented me from getting over here in a timely fashion.

From what I have been able to read of some of the prepared statements that we have received, we have some serious food for thought, and it is essential that we utilize the time we have available to us under the Base Closure Act to prepare and initiate a proper plan to deal with civilian job losses.

Mr. Chairman, I have noticed that our colleagues have given us some very excellent questions, and I would like to make certain that our questions are submitted to OPM and the Defense Department so that they could be addressed for our hearing record.

Thank you, Mr. Chairman.

Mr. **Kanjorski**. Thank you, Mr. Gilman.

In some of the written testimony that we have received, particularly from the Chanute Air Force Base, there were questions about the priority placement program. And the one question was by some employees as to whether or not eligible jobs would only be in nearby States and what nearby States meant. And maybe we could clear that up.

And, two, many of the Federal workers such as GS-4 secretaries will not be eligible for these programs. And I guess the question is is this true and, if so, why. And what provisions will be made to inform the employees of what these ramifications will be?

Mr. **Berteau**. This morning is the first time we had seen that statement. We did take the opportunity to read it before the hearing commenced. I was surprised to see either of those statements in there.

In fact, geographic limitations on an employee will be only those which he or she puts upon themselves. The program itself, in fact, makes no geographic limits with respect to the DOD civilian work force. Anywhere in the United States is going to be open.

With respect to the question of coverage for the GS-4: In addition, there is no limitation there.

I was concerned in seeing that that we may have been somewhat remiss in terms of making sure that people are, in fact, getting all the messages they should be getting. Some of that may have to do with the timing and the confusion over, "is this really going to happen? Is this not really going to happen?" But we are certainly going to look into that to try to eliminate any remaining confusion that exists, either at Chanute or anywhere else, because that needs to be cleared up in the minds of every individual potentially affected by this.

Mr. **Kanjorski**. We would appreciate it.

The other question that has posed itself is some employees have had the suggestion that there are continuing studies for contracting out of services at the bases that will be closed. And I think they raise a reasonable question. And I guess it adds insult to injury to find out you are losing your job, but to find out you may be losing your job as a result of contracting out is not very satisfactory. Is there a response that we can give them on that? Or, in fact, are these studies continuing and it is just a question that the cycle has not caught up, or are there really intentions to contract out some of the existing jobs?

Mr. **Berteau**. I have not looked at that. We will have to take a look at that. I am not aware of any specific direction to halt any such cost studies because in many cases you can just speculate. If the closing is not going to occur for another five years, it may well be that the function needs to be performed in the intervening time and that there are substantial cost savings to be realized for the government in doing so. In the event that we completed a study and, in fact, a private contractor is awarded the commercial activity, we would go ahead.

So, I could speculate that, in fact, someone might make a case that we are going to go ahead and do it because there are substantial potential savings to be realized there. But it is pure speculation on my behalf. We will have to look at that. I am not aware of any prohibition that has been issued, and it may well not have been addressed in the aggregate sense from a policy-wide perspective. So, we will have to take a look at that.

Mr. **Kanjorski**. We would appreciate it if you could study that.

Mr. **Berteau**. We will let you know the status of that.

Mr. **Kanjorski**. Before I turn it over to Mr. Gilman again, let me say this, Mr. Secretary. First, I am more than pleased to see that a former Member of Congress is now the Secretary of Defense.

Mr. **Berteau**. So are we.

Mr. **Kanjorski**. And, not that we are from the same party, because we are not, but that he more than appreciates the need to bring a closer relationship between the executive and the Congress in these days of tough times. As chairman of this subcommittee, I recognize that it is not an easy thing to start closing things down and to contract. And I think it behooves us all, whether we are in the executive branch or in the Congress, to recognize that, in fact, we are separate branches but a part of a whole.

And I want to assure you that as chairman of this subcommittee—and I am sure I speak for Mr. Gilman in this regard—that the Members of Congress want to do their best to facilitate these closings and realignments so that they are least impacting upon the Federal employees themselves, that they do, in fact, realize the high savings for the government and therefore the taxpayers, and that we do it at the least cost of stress and strain on everyone involved. And rather than have a confrontational attitude or a distrust attitude between the executive and the Congress, I would suggest to you that you test me on this and that if we can be of any assistance to the Department of Defense or the executive and any of the departments or agencies that deal with this matter and if we can facilitate anything in the nature of changing the law or if we can help by keeping lines of communication open between the parties involved, I would urge you most strenuously to use our services.

And I think that we could make this a very good shining example to the American people and to the Federal work force that, indeed, we are interested in their success and their pleasure and their lack of stress, and that we can do it, recognizing that we all belong to the same team and represent the American taxpayer ultimately. So, I invite the administration and the Department of Defense to take this offer up and challenge us here in Congress. As some might say, you just may be surprised.

Mr. **Berteau**. Mr. Chairman, I thank you very much for those words, and I think that you are absolutely right. We share a great deal of common ground. We all know that only if we do this one right will we actually be able to do it again in the event that we might need to. In fact, I can think off the top of my head of a couple of things that we will come back to you with and will suggests areas where I think such an interaction can be very beneficial. And we will take advantage of your offer. Thank you very much.

[The information follows:]

One such example would be your support for a bill that would allow DOD nonappropriated fund employees and civil service employees to move between the two employment systems without substantial loss of employee benefits such as retirement and sick leave. Benefits would be lost under current rules. The bill, H.R. 3139, was introduced by Congressman Marvin Leath of the Armed Services Committee and has been referred to the Post Office and Civil Service Committee. The impetus for the bill is the congressionally mandated restructuring of the military morale, welfare and recreation program, which will result in thousands of employees moving between the two employment systems. But an equally important result of passage of such an employee benefit portability law would be the easing of adverse impact on those employees affected by base closure who find employment in the "other" employment system.

Mr. **Kanjorski**. I appreciate that.

Our next panel will include the OPM. And, incidentally, I think that one of the Members mentioned that—I think it was Ms. Boxer—there isn't a transfer between departments. Again, I think that should be worked on. I think that is probably something they just made a rule out there and we probably have not talked about it. If there are job offers in the Department of State or Department of Commerce for these Defense people, they should be adequately placed there.

Mr. **Berteau**. There is such a program, and historically about 4 or 5 percent who register in our priority placement program actually get placed in non-DOD jobs. So, we do take advantage of that wherever necessary.

I have to state that my personal experience going out and talking to people is that people who work for DOD like to stay in DOD in many cases. We very clearly prefer to keep them where we have a good, solid need for them. We have a lot of good people out there and we are delighted to have them stay and work with us for as long as they will.

Mr. **Kanjorski**. I can appreciate it.

Thank you very much for your testimony.

Mr. Gilman.

Mr. **Gilman**. Thank you, Mr. Chairman.

A number of our colleagues have already pointed out some of the important things, such as: enough advanced notice, proper counseling, proper funding for training in new positions and, the ability to have some flexibility in moving employees around within the agencies. I would hope that a good revamping of our present programs would take place as a result of these hearings to make certain that we are taking care of these vast needs. We have too many dedicated career people that are left hanging when we have a sudden impact of a base closure. I would hope that we make certain that we do whatever we can at the government level to take advantage, first of all, of the expertise they have developed over the years and, secondly, to try to ease the impact upon the community.

I hope it is not just a matter of saying what you are doing, but taking a look at seeing what we can do better to make certain that we are doing everything possible to really try to do the important things that are so meaningful to lifelong career people.

Thank you, Mr. Chairman.

Mr. **Kanjorski**. Thank you very much, Mr. Gilman.

Our next witness will be from the Office of Personnel Management, Curtis J. Smith, Associate Director for Career Entry and Employee Development.

Will you raise your right hand, Mr. Smith? Do you swear to tell the truth, the whole truth and nothing but the truth, so help you God?

Mr. **Smith**. I do.

Mr. **Kanjorski**. Please be seated.

Mr. Smith, your statement will be admitted in the record. If you would like to synthesize it, and then at that point, it will give us an opportunity if we have some questions.

STATEMENT OF CURTIS J. SMITH, ASSOCIATE DIRECTOR FOR CAREER ENTRY AND EMPLOYEE DEVELOPMENT, OFFICE OF PERSONNEL MANAGEMENT

Mr. SMITH. I will be happy to do that. Let me just hit what I think are the high points.

We are pleased to be here this morning to discuss what is going to happen to our employees as a consequence of closing military bases. We see the challenge that is involved in dealing decently with the people who work for us.

We also think, based primarily on past experience, that the systems are there, that the will is there, and that we can, in fact, work our way through this.

From the placement perspective which I suppose is what concerns OPM the most, clearly the biggest and the most effective program is DOD's own priority placement program, which you have already heard about. It works well, and a great number of people are placed.

In the last several years, we have also introduced a number of staffing flexibilities that should make it easier for DOD to move people around and to work their way through this business of base closings. We have made qualification standards simpler. We have allowed agencies to waive them. There is greater authority to detail people, all of which should be useful.

OPM itself operates two placement programs that will help DOD employees to be considered for vacancies outside of DOD and in other Federal agencies. Our 38 area offices across the Nation refer participants in these programs ahead of other candidates when agencies ask for a list of candidates from us in order to fill a job.

Our interagency placement assistance program is designed to help employees who are likely to be separated before the separation actually occurs. With the DOD base closings, as soon as DOD determines which employees do not want to be transferred to another base or for whom placement opportunities in DOD are slim, these employees may be registered with OPM.

Once employees are actually targeted for separation, they may be registered with our displaced employee program which will try to place them for up to two years after separation. When we refer a candidate under this program, an agency cannot pass over that candidate and hire an outside candidate unless the agency asserts and we agree that the displaced candidate is not qualified or not suitable for that position.

Another OPM program that will assist DOD in dealing with base closures is our early retirement program. At bases that are actually closing, employees who meet the reduced age and service requirements will be entitled to discontinued service retirement. However, DOD may also want to ask us for authority to offer voluntary early retirement to eligible employees whose jobs are not directly at risk in order to create vacancies for placement of workers who would otherwise be separated. This could be very useful at bases where a partial closure is expected or at other DOD activities where displaced employees could be placed.

While disruptions and individual difficulties are inevitable in a situation of this sort, we believe that DOD, with the assistance that we give them, will be able to handle the situation.

Thank you. I would be pleased to answer questions.

[The prepared statement follows:]

STATEMENT OF HON. CONSTANCE BERRY NEWMAN, DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT

Mr. Chairman and members of the subcommittee, thank you for inviting us to appear this morning to discuss the assistance that is available to federal civilian employees who ar displaced by the closing of military bases.

Under the recommendations of the Commission on Base Realignment and Closure, 86 military bases will be closing down, with another 5 being partially closed and 54 being subject to realignments. Some 20,000 civilian employees will be affected, with up to 8,000 civilian positions expected to be eliminated as a result of these changes over the next 5 years.

This situation will present a significant challenge to our personnel system, but we are confident that the Department of Defense and OPM, working together, will be able to handle this challenge. To begin with, it is important to recognize that even this number of employees is a very small portion of DOD's civilian employment. DOD hires thousands of employees per month—16,000 in January 1989, for example—so there is considerable opportunity to place employees affected by these reductions, and programs to arrange their placement.

The biggest and most effective program is DOD's own priority placement program, which works so well because employees get placement assistance at an early stage, and are referred for mandatory placement consideration well before separation.

In the last several years, OPM has introduced a number of staffing flexibilities that will make it easier for DOD to place affected employees. In the past, agencies had to use very detailed qualification standards in determining whether employees were qualified to be placed in different positions. We have replaced these detailed standards with broad, generic standards that will facilitate moving between occupations and thereby create more placement opportunities for employees. If DOD believes an employee can successfully perform the work of a position even though he or she does not meet all of the requirements of the qualification standard, we will allow the standard to be modified for internal placement actions, or even waived altogther in order to place an employee in lieu of a reduction-in-force action.

OPM has given agencies greater flexibility in detailing employees, permitting extensions of details by up to a year. This will assist DOD in trying to locate placement opportunities for employees, as well as in keeping necessary functions going during the shutdown process.

OPM also operates two placement programs that will enable displaced DOD employees to be considered for vacancies in other Federal agencies. Our area offices across the Nation refer participants in these programs ahead of other candidates when agencies ask for a list of candidates from an OPM register, or from a delegated examining unit.

Our interagency placement assistance program is designed to help employees who are likely to be separated before the separation actually occurs. In the case of the DOD base closings, as soon as DOD determines which employees do not want to be transferred to another base or for whom placement opportunities in DOD are slim, these employees may be registered with OPM. Once employees are actually targeted for separation, they may be registered with our displaced employee program, which will try to place them for up to 2 years after separation. When we refer a candidate under this program, an agency cannot pass over that candidate and hire an outside candidate unless the agency asserts, and we agree, that the displaced candidate is not qualified or not suitable for that position.

Another OPM program that will assist DOD in dealing with base closures is our early retirement program. At bases that are actually closing, employees who met the reduced age and service requirements will be entitled to discontinued service retirement. However, DOD may also want to ask us for authority to offer voluntary early retirement to eligible employees whose jobs are not directly at risk, in order to create vacancies for placement of workers who would otherwise be separated. This could be very useful at bases where a partial closure is expected, or at other DOD activities where displaced employees could be placed.

When actual reductions in force do prove necessary, we believe our recently revised reduction-in-force regulations will help limit disruption. The new regulations encourage smaller competitive areas and limit displacement. They also recognize performance, facilitating the retention of better performers. This will be important to DOD at bases where only part of the work is being terminated.

When employees receive specific reduction-in-force notices, they may be eligible for grade and pay retention if they voluntarily accept an offer of a lower-graded position in lieu of the reduction-in-force action. This benefit will make it much more attractive for employees to accept placement under DOD's priority placement program.

Finally, I should also mention that we will be helping DOD maintain necessary base functions during the shutdown process. Turnover can be expected to increase as employees seek employment elsewhere, and DOD will have to make special efforts to keep essential jobs filled. We have given agencies the authority to use temporary employees in situations like this, up to GS-12, so that DOD will be able to staff essential jobs quickly during the shutdown process, or to fill permanent jobs on a temporary basis while awaiting the placement of a career employee who has been displaced elsewhere.

While disruptions and individual difficulties are inevitable in a situation of this sort, we believe that DOD, with whatever assistance we are able to give, will be well able to handle whatever arises.

Thank you. I would be pleased to answer any questions the subcommittee may have.

Mr. KANJORSKI. Thank you very much, Mr. Smith.

I guess we have a few questions.

Let me say a problem I have is that I identify with the employees in this matter in dealing with the Office of Personnel Management. You seem to be far removed. Sometimes your programs really aren't understood. And in these instances, we are trying to find some way that we can have outreach. I think that is a key problem here. I am sure that the Office of Personnel Management has programs, but whether they are mandatory and whether they are followed and how they are brought to the attention of the existing employees out there is a major question.

Are there any ways that you can see that exceptions can be made in the plant closing area to make sure that there is an exaggeration of the normal outreach of OPM?

Mr. SMITH. Clearly, from looking through the testimony that is being given today and the kinds of confusion that I see and were spoken to by the previous panel, we do need to communicate better. People need to understand so that their anxieties are dealt with. And I am perfectly willing to commit the people who work for us around the country to get with DOD and do the kinds of briefings at bases that will help resolve these questions.

Mr. KANJORSKI. Could I suggest something to you, Mr. Smith? In spite of the fact that very often Members of Congress get criticized on the use of the franking privilege, this may lend itself in a great way. We have identified 24,000 people that will be basically impacted upon. It would seem to me that your office and the Defense Department could get together, identify who these people are, identify what programs you have and layman explanations of how these programs are made somewhat like the Surgeon General's discussion on AIDS last year. And it could be directed to these people by their Members of Congress so that there would be a feeling that there is contact, that there is someone out there that cares and that there is basic information being fed to them. And it may be a very inexpensive way and a very direct way to reaching these people.

Mr. SMITH. I am certainly willing to work with you and with DOD to figure out who those people are and what it is that we might do. I do agree that communication is critical.

Mr. KANJORSKI. Well, I would appreciate that, and I am sure all of the Members of the committee, because sometimes we do hear from employees the criticism that there are programs, but nobody quite knows what they are and they do not get down to their level. So, if we could do that.

The other situation that we discussed before, the difference between the excepted service and the competitive service for placement. And I think I will go back to the example that I previously used with the Defense Department. If you are a lawyer or a doctor or a scientist and you realize that you are going to have your job for maybe one to five years and you are not sure, and particularly if you are middle-aged, the tendency, it would seem to me, the good offer that you got would be better than the best offer three or four years from now because it is a certainty.

And you may have a tremendous drain occurring unless we look at the excepted service area and decide whether or not we shouldn't include them in the placement programs. And I am not quite certain that to make this a perfect or as near perfect a transition, that that wouldn't be a good idea. Have you looked into that?

Mr. SMITH. No, sir, I haven't. I heard the earlier discussion about it. And clearly it would be possible to collect a list of excepted service folks who need to be placed as well and to look for other excepted service opportunities for them. I do not have an answer for you right this moment on whether that is feasible or what it would cost us, but I understand your concern and think it is worth looking into.

Mr. KANJORSKI. If you could look into that.

The other area. Mr. Hopkins I thought had an excellent bill suggesting a look at the 900 in the blue collar area that are between 55 and 57 and some would be given an early option out at reduced requirements. I think 15 years for 55 of age and five years for 57 years of age. And the cost he is talking about, $1 to $2 million a year for 5 years, didn't seem to be excessive. I thought that if perhaps if you could look into that. If there is legislation necessary to accomplish that, we should do it as early as possible so that the people do know it is out there and that is one of their options.

Mr. SMITH. Yes, sir. It will require legislation to do it. That much I can tell you, and obviously I am not prepared to speak on that because the administration has not had a chance to look at it.

Mr. KANJORSKI. But will you attend to that and see if we can't cooperate on that issue?

Mr. SMITH. Yes.

Mr. KANJORSKI. I guess that is the last major question I had. Just liberalizing the early out retirement areas, this may be a reasonable way to handle 5 percent of these problems.

The other is I would like to assure you, as I have the Defense Department in the past before I ask Mr. Gilman to examine you. It is my decided theory, having been in government only 4½ years, that some of us treat each other like we are working for opposing governments. And even though you are in the executive branch and I am in the legislative branch, I want to assure you that I do recognize we operate for the same entity, the American taxpayer, and that we should probably be reflecting that more often to the American people.

So, it is an offer also to your agency and to your Department that if there is anything we can do here, particularly in this committee and myself personally, I welcome the opportunity to show how we are desirous to be cooperative. We want to anticipate problems. We do not want to be confrontational. I do not think the singular role of Congress is to have oversight or criticism, but on the other hand, probably we should do more of it but in a more positive way. And along those lines, I would like to encourage you. Let's anticipate what we can do. Certainly feel free to call upon me and I'm sure the members of this subcommittee or the whole committee. And I am sure you will find that we will be willing to be much more cooperative than we perhaps have been in the past or at least that we will show you the cooperation that you haven't seen before.

And I think together, if we can work this program out, we can increase the credibility of the government to handle a very difficult personal problem for a large number of good Federal workers so that there will be less hesitancy in the future when major shifts of policy decisions are having to be made that will affect personnel, they will be less apt to treat us as if we are the enemy and, in fact, will look upon us as being a friend. And I think we can save money in doing that. We can reduce the stress level and anxiety.

So, I really want to reach out as far as I can and say let us help out in this regard, and I would appreciate any cooperation we can have there.

Mr. SMITH. Our Director, Ms. Newman, has been talking in exactly the same terms. So, I think that we probably can work together.

Mr. KANJORSKI. Mr. Gilman?

Mr. GILMAN. Thank you, Mr. Chairman. I want to welcome Mr. Smith and thank him for his testimony today.

Mr. Chairman, yes, too frequently the enemy is us; at both the executive and legislative branch, and it is good to hear your remarks.

Mr. Smith, could you give us a quick rundown of when a base closure has been defined and decided upon, what does OPM do to try to facilitate a rapid easement of some of the burdens that come about as a result?

Mr. SMITH. Our role in a sense is up front in that it is our obligation to be sure that the programs and the tools and the flexibilities are there for the Department of Defense to work through these base closures when they actually begin to do it.

Mr. GILMAN. How do you do that, Mr. Smith?

Mr. SMITH. Well, I am talking about the whole policy framework within which we manage Federal employees. The one specific thing that we can contribute as part of the base closing itself is the placement program.

There are two placement programs. One of them is before people are separated, one is after. In both cases, we will collect the names and the information on people who are interested in looking for work elsewhere in the Federal Government.

Mr. GILMAN. Do you go out to the base itself? Do you send a team out there?

Mr. SMITH. We will be considering that because of the problems that we are seeing with the lack of information and the incorrect information out there. Our local people work with the DOD folks all the time and are available.

Mr. GILMAN. It would seem to me that it would be an appropriate responsibility for OPM to assemble an emergency team that could go out to these bases and provide the kind of information that is needed to the employees right at the start so they get correct information, and so they know where to go and how to go about doing what has to be done. You are not doing that at the present time I gather.

Mr. SMITH. I am not quite sure I understand. We have not in Washington put together a team that we are sending around the country. We have 38 offices, though, in various parts of the country who work closely——

Mr. GILMAN. Well, couldn't a team be assembled in each region to do that kind of thing?

Mr. SMITH. Yes. I do think that it needs to happen locally where the contacts already exist and where our people have always worked with DOD's people.

Mr. GILMAN. Well, I am not talking about business as usual. I am talking about sort of an emergency task force in each region that could go out into a base when they suddenly get the news that they are going to be closed down and be there for a couple days to give the kind of information that is so essential and dispel some of the misinformation that might be out there.

Mr. SMITH. I agree that that needs to be done. I am not sure that I know exactly what the mechanism should be, but we do need people present both from OPM——

Mr. GILMAN. Could you explore the possibility of doing that?

Mr. SMITH. Yes, sir.

Mr. GILMAN. I think that that could help considerably.

And then, secondly, I would hope that your agency would confer with the Congressman from that district when they decide upon a base closure to give that Representative the kind of information he or she should have in dealing with this problem in order to provide the kind of specific information that is so essential.

Mr. SMITH. Certainly.

Mr. GILMAN. Are you doing that now?

Mr. SMITH. No, sir, we have not done anything specific, but——

Mr. GILMAN. I would hope that you would address that problem. I think as the key agency of personnel that you might explore putting all of that together in trying to help ease some of these problems.

Tell me about your early retirement program. How does that work out? Has it been successful?

Mr. SMITH. Yes, I think so. We saw an unusual amount of use of it last year just for example, and I think within the Department of Defense, there were 10,000 early retirements last year. And we are fully prepared to work with Defense on the base closings to make sure that we react positively and quickly to their needs for early out authority.

What the program says is that, when there are these kinds of serious personnel actions, we can give the agency authority to allow people to retire earlier than normal.

Mr. GILMAN. At what age level?

Mr. SMITH. The age level is age 50 with 20 years of service or any age with 25 years of service.

Mr. GILMAN. And that is only in an emergency situation.

Mr. SMITH. Yes. That is when we work through that process.

Mr. GILMAN. And are all of the agencies familiar with this and are the employees also familiar with this?

Mr. SMITH. Yes, sir. I think it is fair to say that when it comes to their retirement possibilities, the employees are familiar and certainly the agencies are and we work with them constantly.

Mr. GILMAN. I think it would be extremely helpful, as our Chairman indicated, if you would get around sort of a talking point sheet for all of us on some of these emergencies and what can be done and what programs are available. I think they could be very useful to every congressional office.

Thank you, Mr. Chairman.

Mr. KANJORSKI. Mr. Smith, something struck my mind and I do not know whether the Office of Personnel Management uses it, but about a week ago I had the opportunity to go to one of the universities and observe what they call the interactive technologies. I am not sure you are aware of the computer and the video tape operation. And I found it fascinating, the technology of how it works and how it informs people.

And it just seems to me that it is extremely reasonable to accomplish that where the Office of Personnel Management and DOD could contract to do a 30 minute or hour interactive technology system and put it out there giving everybody the opportunity to go out and find out and ask their particular question as it is adjustable and get the proper response. It would save a lot of time.

I do not know whether you have used that. Have you used that type of technology before?

Mr. SMITH. No, sir. I am really fascinated by it, and we have just at OPM bought our first dozen or so of them to begin to see how to use them. But I agree with you.

Mr. KANJORSKI. I have to tell you that I have been fascinated with it too because we have been looking at training techniques, particularly on which instructs how to run a machine lathe on a computer. The experience was that they have showed us—the machine I saw last week—normally it would have taken $3,000 to train a person to do on a personnel shop operation. They could reduce it to one-third of that cost, $1,000, on these machines. And it deals with taking the use of intelligence in terms of everybody having a different question or a different nuance or a different misunderstanding of the problem. You could adjust and find your particular answer out. And it just fascinated me, and I have not seen government use it.

So, one, I would recommend that. I will be happy to talk to you regarding that matter if you are looking for it. And, two, I will call your attention that on the Hill today we have a whole day dedicated to that technology, and there is a display of it over in the Cannon caucus room I think later on this evening. And I think it is the type of technology that your office could really utilize to dispense useful information out to the people that work for the Federal Government to alleviate the stress area. I would be happy to work with you, and I know just the university that can do a job for you very quickly.

I think we have probably extracted from you all the information we have today. Thank you very much, Mr. Smith, for testifying.

[The following information was furnished subsequent to the hearing:]

United States
**Office of
Personnel Management**
Washington, D.C. 20415

In Reply Refer To
Your Reference

AUG 16 1989

Honorable Paul E. Kanjorski
Chairman, Subcommittee on
Human Resources
Committee on Post Office
and Civil Service
U.S. House of Representatives
Washington, D.C. 20515-6249

Dear Mr. Kanjorski:

This letter transmits our responses to the follow-up questions from the hearing of July 13, 1989, on assistance for Federal civilian employees displaced by base closings.

Thank you for this opportunity to provide OPM's views.

Sincerely,

Curtis J. Smith
Associate Director for
Career Entry and
Employee Development

Enclosure

CON 114-24-3
June 1988

FOLLOW-UP QUESTIONS FROM JULY 13, 1989, HEARING ON ASSISTANCE FOR FEDERAL CIVILIAN EMPLOYEES DISPLACED BY BASE CLOSINGS

1. Q. OPM guidelines on how to facilitate discussion among the interested parties affected by military base closure and realignment (i.e. unions, employee organizations with OPM and/or DOD).

A. We are currently developing guidelines to facilitate communication and ensure that employees have adequate information on the personnel benefits and programs available to them during the process of realignment and base closures. After these guidelines have been finalized, we will forward them to them Subcommittee.

We would be happy to work with you and with DOD to assure that we are reaching affected employees who need to know of the programs and benefits that are available to them.

2. Q. OPM's views on H.R. 2898, submitted by Larry Hopkins (R-KY), to provide that Federal employees who are voluntarily or involuntarily separated from service as a result of the closure or realignment of a military installation be eligible for early retirement.

A. We are now developing OPM's views on H.R. 2898, and will also need to coordinate our views with other interested executive branch agencies. Accordingly, we are not able to take a position on the bill at this time. As soon as possible, OPM will be providing the Committee on Post Office and Civil Service with a report on H.R. 2898.

UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, D.C. 20415

OFFICE OF THE DIRECTOR

AUG 17 1988

AUG 15 1989

Honorable Paul E. Kanjorski
Chairman, Subcommittee on Human Resources
Committee on Post Office and Civil Service
U.S. House of Representatives
Washington, D.C. 20515-6249

Dear Mr. Kanjorski:

We appreciated the opportunity to express our views at the hearing on DOD base closures on July 13, 1989. At this time, I would like to bring you up to date on our plans for assisting DOD to ease the impact of these closings on civilian employees.

I agree that keeping the lines of communication open among all affected parties is of utmost importance as the closure process unfolds. After the hearing, we alerted each of our regional offices to the upcoming realignments and base closures, and then met with DOD staff to plan how our assistance could best be provided.

We are now developing guidance for our regional offices and plan to make our field staff available to work closely with DOD personnel offices to answer questions and keep employees informed. In addition, DOD will be assembling briefing teams for each affected base, and local OPM personnel will be a part of those teams.

As soon as our guidelines on facilitating communication during the base closure process are available, we will forward them to you. We will also be working with DOD on a special information package for each employee providing information about DOD and OPM placement programs and benefits.

We anticipate assisting DOD with the placement of base employees who are not otherwise covered by existing programs, including excepted and non-appropriated fund employees.

I assure you that we will work closely with DOD staff over the next several years to assist them with the base closure program and to ease the impact on the civilian workforce. My staff will be available to answer any questions and we will keep you informed of further developments.

Sincerely,

Constance Berry Newman
Director

Mr. **Smith**. Thank you.

Mr. **Kanjorski**. Our next panel consists of Rita Mason, National Vice President of the American Federation of Government Employees; and James Peirce, President, and William Peterson, Vice President of the Internal Affairs Local 493 of the National Federation of Federal Employees.

If you will be so kind to raise your right hands, I will swear you in. Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Ms. **Mason**. I do.

Mr. **Peirce**. I do.

Mr. **Peterson**. I do.

Mr. **Kanjorski**. Thank you very much.

Let's start with Ms. Mason.

STATEMENT OF RITA R. MASON, NATIONAL VICE PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Ms. **Mason**. The American Federation of Government Employees, ALF-CIO, is pleased to have this opportunity to appear before the Subcommittee on Human Resources of the House Post Office and Civil Service Committee to testify on the base realignment and closure and its impact on Federal employees and personnel. As the largest Federal sector union, AFGE is in a key position to identify employee problems related to the closures and recommend actions that should be taken to reduce the adverse impact on people and communities.

Mr. Chairman, as you know, the proposed base realignments and closures will displace about 24,000 Federal employees at 145 installations. When the total effect on family members and related job loss is contemplated, these actions are comparable to closing a major city of 100,000 people, larger than many cities in even our most populated States.

Given this magnitude of impact, an essential action required to reduce the economic and social cost of base closures is early notification. That is the essential factor. Since this early notification has generally been provided by the announcement and subsequent congressional review early this year, we must now ensure that the time between 1989 and actual closure of each base is used judiciously to reduce the overall economic impact upon many people that will be affected.

This discussion of early notification generates a question. What is the problem? And that is the question that it generates. We have announced the closures well in advance. This reply is only partially accurate because at this point only the Air Force has announced a specific timetable for their base closures.

While we understand the detailed considerations related to military construction and other factors, it is very important for the Army to announce their planned schedule for the realignments and closures that have been recommended. Delay and change in these military service closure schedules not only confuses the affected workers, but it fuels speculation that the closures are not going to happen.

Department of Defense personnel placement and interdepartmental placement are key elements in any base closure. At the current time, the Department of Defense, DOD, priority placement procedure is effective. But we are concerned about the capability to handle substantive, simultaneous base closures. Our assessment, based on the magnitude of the Army closure actions and the lack of an Army closure schedule, is that the closures will be concentrated in late 1993 and 1994. It is essential that the necessary training, procedural and information system steps be taken to enhance the DOD priority placement well in advance of these dates.

At this time the Federal interdepartmental personnel placement system is not effective. Feedback from our members concerning the system is not positive because it does not have accurate job information in many cases and the system simply does not respond to job placement inquiries.

As a result, we recommend that steps be taken now to improve the interdepartmental placement system in order for it to play a viable role in the placement of Federal employees displaced by the DOD base closures.

Reimbursement for dislocation costs is another necessary step to reduce the impact of the base closures on people and communities. These reimbursements should include travel costs, personal property shipment and offset of real estate sale and purchase. Reducing the burden of these dislocation costs on the individual worker will provide substantial incentive to transfer to another DOD location and thereby avoid the cost of severance pay on one end and training costs for new employees on the other end. Offsetting real estate costs will cushion the economic costs on communities with a high percentage of DOD employees. This dislocation reimbursement should apply to all general schedule and wage rate employees regardless of their grade.

Early out retirements should be utilized for all base closures and realignments. To make early out retirements more effective in these situations, three changes must be legislated:

First, liberalize the age and service requirements in the current early out program, which is age 50 and 20 years of service or 25 years at any age, to include age 55 and 15 years of service or age 57 with 5 years of service;

Second, eliminate the annual 2 percent annual penalty for retirement prior to age 55; and

Third, address the tax penalties associated with taking the lump sum distribution before age 55 and tax penalties on withdrawing money from the employee's thrift account prior to age 55. Currently employees who elect to withdraw their contribution in lump sum distribution have a 10 percent penalty on such distribution if it is taken out before the age of 55. These proposals would make early out retirement more feasible and dampen the socioeconomic impact on the base closures.

Cost review and recompetition of service contracts within DOD is recommended to expand the available job pool and accommodate displaced Federal workers. Assuming the recompetition would result in a number of contracts reverting to in-house operation, Federal employees from bases being closed would be qualified for newly established positions. The result would reduce the overall

Federal job loss as a result of a cost reduction effort. Regardless of the outcome, the commercial activities program assessment and recompetition is a valid management action.

Related to this, current contracting out studies at bases to be closed should be cancelled. Continuing these studies in view of the decision to close a base is not only bad economics, it is also bad people policy. It is one thing to be told that you are going to be losing your job over a base closure, as you had said, Mr. Chairman, and it adds insult to injury to them to be told that you are going to be RIF'd before the closure because of contracting out.

At this time we are informed that contracting out studies are currently ongoing at Fort Dix, the Presidio of California, Fort Sheridan and Mather Air Force Base. And, Mr. Chairman, since we prepared our study, we have received information that contracting out has been cancelled at Fort Dix. However, we have not received similar information for the other installations.

Because of this double-whammy impact upon Federal employees and their families, we strongly recommend that all contracting out studies at bases scheduled for closure should be cancelled now.

As a final point, let me comment on the need to use all available and effective communication channels in order to keep people informed on the many aspects of a base closure. In that regard, the exclusive labor representative is one of the most effective communication links within the work force and the community.

To enhance this communication process, we advocate that AFGE local presidents be included as full participating members on base closure committees. This committee membership will provide two-way communication and a free flow of key information to affected employees. Full participation by union officials and increased communication will be particularly important in areas such as placement procedures, severance pay and dislocation programs.

In conclusion, Mr. Chairman, I want to thank you for extending me this time. I felt I should speak very quickly and try to get this information out. It was a bit different than what was said here before. And I want to once again express my appreciation for being able to appear before you and the committee. And my statement includes a number of issues that we feel must be addressed so that the announced base closures will be carried out in a compassionate and orderly manner. In this great country of ours, you know, we must never forget that at the end of all of our significant decisions and actions there are people. It is a compliment to your committee that this fundamental principle is the goal of your hearing today. And I thank you.

STATEMENT OF JAMES PEIRCE, PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. Peirce. Thank you, Mr. Chairman. On behalf of the National Federation of Federal Employees, I would like to thank the subcommittee for the opportunity to present our views on the impact of military base closings and realignment of Federal personnel.

I am joined today by Mr. William Peterson, Vice President of Internal Affairs for NFFE Local 493 at Chanute Air Force Base, Illinois, which is one of the installations that is targeted for closure, and he will have a very short statement when I conclude mine.

NFFE has filed suit in Federal court to prevent the military base closures, and the reason for that is that we believe the process by which the closures and realignment recommendations were reached was unconstitutional. This lawsuit is proceeding in the United States District Court for the District of Columbia.

For the purposes of today's hearing, NFFE's concerns are twofold: whether the procedures to reassign affected employees will be honored and enforced, and whether the impact on the lives and careers of the thousands of Federal employees who will nevertheless be greatly affected can be mitigated.

OPM and DOD are required by law to give priority to existing Federal workers who have been affected by changing manpower requirements and to provide maximum opportunity for placement in other DOD positions. These mandates and objectives are implemented under the government's priority placement program under which lists of qualified and available workers are compiled for hiring considerations.

We believe that the priority placement program designed to match job openings with qualified displaced workers is minimally effective. There is no streamlined system or process to ensure—underline ensure—positive results on behalf the impacted employees. We would like to see considerably more attention paid to how the program is implemented and carried out.

One cannot underestimate the impact that the base closure process has already had on employees and their dependents who are concerned about relocating or whether they will even be given the opportunity to relocate to another Federal job. The economic uncertainty that our members now face is not at all easy to live with. Therefore, it cannot be overemphasized that programs to assist affected employees and their dependents must be fully honored and enforced.

Employees such as those in civil engineering or clerical workers and other administrative staff will find little or no placement help. For these employees a placement program or assistance in the form of education and retraining must be established.

In light of these concerns, NFFE is requesting that Congress develop and pass legislation to provide for the mandatory placement of all Federal workers who are displaced. We ask that all workers be guaranteed a job at the grade they currently hold. If sufficient vacancies do not presently exist within the Federal Government, these workers should be offered mandatory placement rights for vacancies for which they qualify over the next 5 years. The Government as an employer owes at least this much to the people who have dedicated their careers to protecting the national security.

In addition, NFFE urges that the committee consider legislation that would give employees and their representatives greater participation in efforts to give Federal workers a chance at new work within or outside of the Government.

A unique and successful cooperative effort in the private sector would serve as a guide for such a venture, American Telephone & Telegraph Company and the Communications Workers of America in Winston-Salem, North Carolina have created a corporation owned by the company and the union to assist the 3,300 workers thrown out of work by the closing of AT&T's massive manufacturing plant in Winston-Salem. With the help of $1.2 million of Federal assistance—I will underline that, incidentally—the alliance provides education, training and counseling opportunities for company employees faced with the closing or the need to retrain for new technology. In addition, the local works hand in hand with AT&T to ensure that workers desiring to transfer to other AT&T facilities are given the priority in such locations.

Our question is why can't the Federal Government do the same thing for its workers.

I wish we could be as optimistic about the success of the placement program as the Department of Defense seems to be, Mr. Chairman. However, unless we take some specific actions to ensure that employees do have some guaranteed rights, that success will be difficult to achieve.

Mr. Chairman, this concludes my testimony, and I would happy to answer questions.

However, I want to congratulate you on these hearings because I think it shows again that you and the Members of Congress are very interested in people and what happens to them. Thank you.

[The prepared statement of Mr. Peirce follows:]

STATEMENT BY

THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

On behalf of the National Federation of Federal Employees, which represents over 150,000 Federal workers across the country, including 75,000 employees in the Department of Defense, I would like to thank the subcommittee for the opportunity to present our views on the impact of military base closings and realignment on Federal personnel.

I am joined today by Mr. Bill Peterson, Vice President of Internal Affairs for NFFE Local 493 at Chanute Air Force Base in Rantoul, Illinois, which is one of the installations that is targeted for closure.

NFFE Locals are the exclusive representatives for three of the Air Force installations that are slated for closure by the Defense Secretary's Commission on Base Realignments and Closures, which was endorsed by the Congress in April of this year. In addition to Chanute, we represent employees at two other installations slated for closure, George Air Force Base and Norton Air Force Base, both located in California. While the focus of this hearing is timely and important, please let me reiterate NFFE's serious concerns and objections to the procedures utilized to effect the closures and realignments.

We must express our dissatisfaction with the fact that significant information which the Commission relied upon was withheld from our union and Members of Congress on the pretext of protecting the National Security. We must strongly object to the Commission's decision to conduct most of its meetings and make most of its determinations in private executive sessions. These procedures were far too private in nature to do justice to the debate which should have been required before decisions of this magnitude were made. In addition, the Commission's report was replete with erroneous and out-of-date information. NFFE feels that the Commission acted hastily and erroneously in fulfilling its obligations to Congress and the nation.

NFFE has filed suit in Federal Court to prevent these military base closures. NFFE has urged the Court to find that the process by which the closure and realignment recommendations were reached was unconstitutional. This lawsuit is proceeding in the United States District Court for the District of Columbia.

Without a favorable ruling by the Court or a decision by Congress to deny appropriations for the closings, the Department of Defense will take action to implement the recommendations in the near future. For the purposes of today's hearing, therefore, NFFE's concerns are twofold: whether the procedures to reassign affected employees will be honored and enforced and whether the impact on the lives and careers of the thousands of Federal employees who will nevertheless be greatly affected can be mitigated.

The primary question facing these workers and their families is whether they will be employed should these closures be implemented; that is, whether they will be offered other available federal jobs.

The Office of Personnel Management and the Department of Defense are required by law to give priority to existing Federal workers who have been affected by changing manpower requirements and to provide maximum opportunity for placement in other Department of Defense positions. Further, it is the expressed policy of DoD to provide a strong placement assistance program to minimize the adverse effects on employees caused by actions such as reductions-in-force, base closures, consolidations or transfers of functions. These mandates and objectives are implemented under the Government's Priority Placement Program, under which lists of qualified and available workers are compiled for hiring considerations.

It may be too early to pass judgment on the new programs that are being established to assist Federal workers affected by the proposed base closures, since the process has not yet been funded or fully implemented. However, massive layoffs are nothing new to NFFE members and Federal workers in general, and lessons can be drawn from previous efforts so as to ensure that all available resources are utilized to minimize the impact on Federal workers and their families who have dedicated their lives to service for the Federal Government.

Although the Priority Placement Program exists to ensure that displaced Federal workers are given priority for new openings, many employees believe that the program is not working. There is broad concern that management authorities are either failing or refusing to utilize available means to hire displaced workers. A greater effort needs to be made to ensure that OPM, DoD and the branches of the military coordinate their efforts so that local sources receive correct and updated data on available employees.

We have heard anecdotes to the effect that priority placement programs are ineffective. A common thread in these stories relates failures to match employees with job openings. In some cases the shortcomings stem from a personnel clerk failing to forward the paperwork of displaced workers. In other cases the failure stems from a selecting official refusing to hire off a "stopper list." While we do not doubt the good faith of the managers of the

Priority Placement Program, we would like to see considerably more attention paid to how the program is implemented.

To highlight this issue, I would like to draw the Subcommittee's attention to Fort Sill, Oklahoma, where there was a massive reduction-in-force in October of 1988. Employees at Fort Sill are represented by NFFE Local 273, which is presently conducting a study to determine if qualified Federal workers who were laidoff were in fact given priority for new openings. Local members were prompted into such a study when it became increasingly evident that no one was being hired from the Federal Government's "Stopper List", which indicates displaced Federal workers available for particular jobs. While the results of this study are not yet complete, NFFE will be happy to share the results of this survey with the Subcommittee as soon as they are available.

One cannot underestimate the impact that the base closure process has already had on employees and their dependents who are concerned about relocating, or whether they will even be given the opportunity to relocate to another Federal job. The personal stories that we hear are heartbreaking. House improvements and sales have been placed on hold, college plans have been delayed, medical care put off, decisions on marriage and family have been postponed. The economic uncertainty that our members now face is not at all easy to live with. Therefore, it cannot be overemphasized that programs to assist affected employees and their dependents must be fully honored and enforced.

Many of the affected Federal workers realize that they will probably never be offered the opportunity to transfer to another similar job. The jobs of many employees, such as civil engineers or clerical employees and other support staff, will likely be absorbed by existing personnel when functions are transferred to other facilities. For these employees, assistance in the form of education and retraining is vital.

In light of these concerns, NFFE is requesting that Congress pass legislation to provide for the mandatory placement of all Federal workers who are displaced. We ask that all workers be guaranteed a job at the grade they currently hold. If sufficient vacancies do not presently exist within the Federal government, these workers should be offered mandatory placement rights for vacancies for which they qualify over the next five years. The government, as an employer, owes at least this much to the people who have dedicated their careers to protecting the national security.

In addition, NFFE urges that the Committee consider legislation that would give employees and their representatives greater participation in efforts to give Federal workers a chance at new work, within or outside of the Government.

A unique and successful cooperative effort in the private sector would serve as a guide for such a venture. American Telephone & Telegraph Company and the Communication Workers of America, Local 3060 in Winston-Salem, North Carolina, have created a corporation, owned by the company and the union, to assist the 3,300 workers thrown out of work by the closing of AT & T's massive manufacturing plant in Winston-Salem.

With the help of $1.2 million of federal assistance, the alliance provides education, training and counseling opportunities for company employees faced with closings or the need to retrain for new technology. In addition, the Local works hand-in-hand with AT & T to ensure that workers desiring to transfer to other AT & T facilities are given priority in such relocations.

It is noteworthy that this cooperative effort has received praise from all parties involved, including the North Carolina Employment Commission. The fact that it is a joint effort by the union and management has eased pains caused by the closing and made the program more acceptable to affected workers. The Local's President has told NFFE that every employee, bar none, has been given the opportunity to transfer within the company or has been given an opportunity to be retrained for other jobs. That is quite a commendable effort. We submit that if AT & T can do it, the Federal government ought to be able to do it also.

NFFE is willing to work with this Committee to establish such a program to assist the Federal workers who now face layoffs and job losses as a result of the proposed base closings.

Mr. Chairman, I would just like to say that we appreciate your efforts to focus attention to the plight of Federal workers regarding this situation and we look forward to continuing the close relationship as you proceed with the Chairmanship of the Human Resources Subcommittee.

That concludes my prepared testimony. I would be happy to answer any questions.

Mr. **Kanjorski**. Thank you, Mr. Peirce.

Mr. Peterson?

STATEMENT OF WILLIAM PETERSON, VICE PRESIDENT FOR INTERNAL AFFAIRS, LOCAL 493, NATIONAL FEDERATION OF FEDERAL EMPLOYEES

Mr. **Peterson**. Mr. Chairman and subcommittee members, I am William Peterson. I am the Vice President of Internal Affairs, Local 493, National Federation of Federal Employees at Chanute Air Force Base in Illinois. I would like to thank the subcommittee for the opportunity to appear here and present the views of my fellow employees at Chanute Air Force Base. We have about 1,405 employees there.

You should know that the mental stress that affects these Federal workers and their families at Chanute is increasing with each passing day, especially with the uncertainty surrounding the possibility of the base closing. All long range family planning has come to a halt. Do you send your kids to college? If so, where? Do I get necessary medical care that could be postponed? Am I going to have to pay for a move? We do not know what to do. We are all in limbo.

In addition, our stress has been heightened by the need to explain to spouses and family members. What is the future going to bring? You can't tell your kids or your wife what to expect anymore. We don't know.

It must be remembered that much of the workforce is tied to the geographical area. A lot of people still have farms in that area, and one family member works for the government.

Even if an employee is relatively mobile, he or she realizes if the base closes, they will be breaking off lifelong commitments to the community.

It is important to note that much of the life savings of these Federal workers has been invested in the form of equity in their homes. The loss of Chanute will cause devaluation of the properties which represents their life investments. At this point, the entire financial future of these people is at the very least uncertain.

Furthermore, we ask that you consider the plight of many of the Federal workers who may not be eligible for new jobs elsewhere, such as a GS-4 secretary. We feel that the Federal Government has incurred a moral debt to employees who have dedicated their careers to the Federal Government and that these employees should be given a chance to continue on with it.

We, therefore, ask the committee to consider legislation that would knock down any geographical constraints that would normally apply with regard to the placement of Federal workers in available positions. At the present an employee at Chanute is eligible for jobs only in a geographical area in nearby states around Illinois.

Added consideration should be given to these displaced workers for available Federal jobs that may become available at the new courthouse in Urbana, Illinois. It is only 12 miles from Rantoul.

In summary, the lives of thousands of dedicated Federal workers depend upon Chanute. It is crucial that we receive as soon as possible accurate and detailed information. It is the position of Local 493 that while the local officials and commanders at Chanute and Air Training Command are making efforts to keep employees informed on base closure actions and employee rights, we question whether or not the Office of Personnel Management, the Department of Defense and the Air Force here in Washington are being responsive and responsible for getting pertinent and current data to those local officials for dissemination.

This concludes my statement. I would be happy to answer any questions you have.

[The prepared statement of Mr. Peterson follows:]

STATEMENT BY

THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

LOCAL 493

CHANUTE AIR FORCE BASE, ILLINOIS

I am William Peterson, Vice President of Internal Affairs of Local 493 of the National Federation of Federal Employees.

On behalf of Local 493, the exclusive bargaining unit for Federal workers at Chanute Air Force Base and Air Training Command in Rantoul, Illinois, I would like to thank the subcommittee for the opportunity to appear before you to present the views of my fellow members and others affected by the proposed closing of the Chanute Air Force Base.

There are 800 General Schedule employees, 191 Wage Grade employees, 542 non-appropriated fund personnel, 864 contract employees and 63 other civilian workers that will be affected by the decision to close the Chanute Air Force Base. You should know that the mental stress that affects these Federal workers and their families at Chanute is increasing with each passing day, especially with the uncertainties surrounding the possible closing of the base. All long-range family planning has been placed on hold. Decisions such as where to send children to college or whether we can afford a vacation this year when we may have to pay for a move next year are upsetting families of workers.

In addition, our stress has been heightened by the need to explain to spouses and family members that we simply do not know what direction our careers will be taking in the next few years. Many of these spouses and family members do not understand why we cannot map out plans for career growth when we do not even know what agency, if any, we will end up working for.

It must be remembered that much of the work force is tied to the Rantoul geographical area because many families must remain there. Perhaps the other spouse in a marriage farms locally, or the employee is caring for elderly or infirmed family members.

Even if an employee is relatively mobile, he or she realizes that if the base closes, they will be breaking off frequent contact with lifelong friends and moving into a strange community with perhaps a totally different way of life. It has been long recognized by experts that this type of strees reduces one's quality of life and can contribute to health problems and reduced life span.

The employees of Chanute are, for the most part, rural folks. The worst possible scenario for many of these workers and their families would be for them to be forced to accept the "best possible offer," which is all the the government is obliged to do, and be forced to relocate to a job in an inner city. Many of these workers and their families could not handle such a drastic change of lifestyles.

It is important to note that much of the life savings of these Federal workers and their families have been invested in the form of equity in their homes. The loss of Chanute will cause devaluation of the properties which represents their life investments. At this point, the entire financial future of these people is, at the very least, uncertain.

Further, we ask that Congress consider the plight of many Federal workers who may not be eligible for new jobs elsewhere, such as a GS-4 secretary. The Government argues that it owes nothing to such employees because they can find work locally and that taxpayers should not have to bear the expenses to relocate such a worker. We feel that the Federal government has incurred a moral debt to employees who have dedicated their careers to the Federal government, and that these employees should be given the best possible chance to advance their careers and livelihoods.

We therefore ask that the Committee consider legislation that would:

a. Knock down any geographical constraints that would normally apply with regard to the placement of Federal workers in available positions. At present, an employee at Chanute is eligible for jobs only in nearby states. We feel that if an employee at Chanute is eligible and qualified for a position in Arizona, California, or Pennsylvania, then that employee should be offered the position and compensated for the move.

b. Added consideration should be given to these displaced workers for any available Federal jobs that may become available locally, such as the new Federal Courthouse being built in Urbana, Illinois, twelve miles from Rantoul. Most of the 130 positions that will be created at this Courthouse would be of a non-technical nature, and many employees at Chanute would qualify for these positions.

In summary, the lives of thousands of dedicated Federal workers depend upon Chanute. It is crucial that we receive as soon as possible, accurate and detailed information. It is the position of Local 493 of the National Federation of Federal Employees that while the local officials and commanders at Chanute Air Force Base and Air Training Command are making efforts to keep employees informed on base closure actions and employee rights, we question whether or not the Office of Personnel Management, the Department of Defense and the Air Force here in Washington are being responsive and responsible for getting pertinent and current data to those local officials for dissemination.

Mr. KANJORSKI. Thank you very much, Mr. Peterson.

I was going to ask the question whether you were satisfied with the DOD and OPM activities to all three of you, and I guess in your statements I have received your answer.

But starting on the more positive ground, I thought that the suggestion of Ms. Mason in terms of having a union representative at each of these installations be a key member of the committee. I am surprised that has not been undertaken. You mean that is not a normal process?

Ms. MASON. In some areas it might be, but not throughout.

Mr. KANJORSKI. I see. Maybe we could make that suggestion to the Defense people and the OPM people who are present. I think it is a fine way to get a communications line established and have someone who has the confidence of the work force relating that information. So, I am sure they will take that up.

Since this is a unique thing, has the Defense Department or the OPM called in the leadership from the various installations into a common conference and taken a day to go over what will happen?

Ms. MASON. No.

Mr. KANJORSKI. Do you think that would be an advisable activity?

Mr. PEIRCE. Mr. Chairman, they have not, and that was my reference to the fact that literally we on the union side have been frozen out on this. We are even for the most part at the activity level. My statement, my brief verbal part of it, relative to representatives, our local representatives being involved in what is going on, with the management rights the way it is today, we are froze to such an extent that we have no rights. Therefore, we have no clout from the standpoint of being able to move with management, act equally on a committee, et cetera, et cetera.

This is clear across the board, and it is really I think devastating to the employees to think that they have a representative there who cannot be effective because they cannot be a part of an action. And that needs to change.

Mr. KANJORSKI. Mr. Peirce, so that you understand, it was part of the relationship that I was trying to explain that sometimes exist between the executive and Congress. And because we come from respectively different positions, we do not always respond to each other the way we should. Just as I invited the Defense Department and OPM to consider us as welcome players—and I think they will—I think that effort has to be made between the union and the management of OPM and DOD.

I could urge you to do one thing. On your side, rather than starting from a position of confrontation, which I know is sometimes the most tempting thing to do because you get so frustrated, if we could back off, maybe use these hearings and use opportunities to set up lines of communication. And I know there are present people now from the Department of Defense and OPM, and they are listening, and I hope that they are listening well because I think a hearing like this is giving a chance really to have an informal conference with them, that these are part of the things that would be relatively simple to implement and would be so helpful. That is maybe the role a committee like this can play to highlight and bring out some of these problems.

Most of the things I have heard from your testimony today indicate to me that it is not necessarily systemic problems. We have programs out there. We have methods and means, and we certainly have the financial capacity. It is probably more the human problem that we haven't been talking to each other and when we are talking, we probably are not listening or, if we are listening, we do not understand each other's language because we are coming from different standpoints.

So, maybe I would only ask you to bear with us and see if within the next 30 days some communications can't be set up, perhaps meetings set up, some conferences.

Let me urge you, as I did OPM and DOD. I think a great role can be played here by Members of Congress. I think those of us that have military installations or Federal installations in our district have always played a very close relationship. So, very often the work force looks to his Congressman as his final ambassador to Washington, so to speak, and he will respond if he receives information. So, perhaps if we could get the Members in play here giving out some of this information, encouraging on a base-by-base area to set up some lines of communications and some meetings and some conferences, it could be helpful.

I think I am going to make some of these recommendations as a result of these hearings today to both OPM and DOD and from watching their expressions here today, I think we are going to get some positive responses to those recommendations.

So, the only thing I would indicate is let's not get too confrontational until we have to. Let's see if we can't open it up. I want to assure you that many of the Members of Congress that were here today that testified, members of the committee, and I know from talking to them on the floor, they are more than sensitive to the person and people problem that is created by these closings. And they want to take everything in their activity to lessen this difficulty with those people, and I am sure that they will participate in any way they can.

I want to thank you for your testimony. I do not have any specific questions because I have listened to it in light of the other testimony. I think it has been very helpful. We are going to take it into consideration. Perhaps we may ask you for additional questions and answers to those questions. So, for those purposes, we will keep the record open.

Ms. MASON. Mr. Chairman?

Mr. KANJORSKI. Yes?

Ms. MASON. I am a resident of the community surrounding Fort Dix. And I would like to offer some additional information regarding the impact it has on the people, the housing situation, the high school situation, and what it has on the work force in general, if I might submit it at a later time.

Mr. KANJORSKI. Oh, absolutely, and we will make that part of the record.

[The information referred to follows:]

SUPPLEMENTAL STATEMENT OF

RITA R. MASON
NATIONAL VICE PRESIDENT
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES
AFL-CIO

I want to thank the Committee for allowing me to submit this Supplemental Statement for the record on the impact of Base Realignments and Closures on behalf of the American Federation of Government Employees, AFL-CIO.

Mr. Chairman, this portion of my comments will be directed toward the civilian employees at Fort Dix, New Jersey, and the impact on the surrounding community.

The civilian employees of Fort Dix still have not been given notification of a time table. This has helped to cause a great deal of panic within the civilian workforce, resulting in employees leaving the installation and seeking employment in other areas which has created a pool of unfilled jobs (approx. 350 positions).

This is happening due to the increased uncertainty of maintaining a position at the military post and the lack of definite information. Many still cannot understand why this particular installation is on the list since it had been ranked number one by the Army, and was targeted for an increased training load. Also many of these employees remember the last time Fort Dix was targeted, and the tramatic experience they went through. They also understand that the situation is different this time because of how it has been packaged.

Nevertheless, they have a real fear of not finding suitable employment; there are feelings of uncertainty of their future and that of their families, as well as a real concern about continuing to wait to find out what the outcome will be, causing them to not be able to compete with the few jobs that are left.

The surrounding community has been suffering ever since the announcement was made. The 17 million dollar cost for the addition to Pemberton Township High School, which is underway, was planned to support military dependents from Fort Dix. It is now going to be a tax burden on the community. Coupled with this is the fact that the homes in Pemberton Township are being re-evaluated (this was scheduled prior to the Fort Dix announcement). It is said that the properties in the Township are going to be re-evaluated at 100% rather than the 50% evaluation that has been in place. This is causing a"Double Whammy" effect on the residents. There are many "For Sale" signs on homes in the area. Those who are lucky enough to sell their homes are taking a loss on the sale.

Some merchants in the business community are tired of the "see-saw" effect they have had to put up with over the years; they are trying to sell their businesses which have been successful, but no one wants to buy.

In conclusion, Mr. Chairman, I would like to state that Fort Dix is Burlington County New Jersey's largest single employer. The realignment of Fort Dix is having a devasting effect on the community.

I am sure your committee will do everything possible to help alleviate some of these problems. Once again, I want to thank you for allowing me the opportunity to address you and the Committee.

Mr. **KANJORSKI**. And Mr. Saxton did testify today. I was a former resident of Fort Dix, so I have a very strong weakness for that area.

Mr. **PEIRCE**. May I add one thing? I think you misinterpreted what I said. I do not want confrontation. We have preached against that for years. We want problem solving, but it takes two sides to solve a problem when two sides are involved. That takes communications and a sit-down to the point. And what I was saying, we are not getting that. If I can't meet with them, if we can't sit down and talk, we are not going to solve our problem.

Mr. **KANJORSKI**. Have you made a request to meet with them?

Mr. **PEIRCE**. We have time and time again.

Mr. **KANJORSKI**. And you have not received a response?

Mr. **PEIRCE**. When we get down to the point of asking to set down and address a problem in solving it, we are not getting that type of action.

Mr. **KANJORSKI**. Let me suggest that you make one more request to do that and copy me on that request and let me also see whether or not you get a response. All right? I have a very strong feeling of listening to the testimony that we have had here today from both the Department and OPM that you will get a positive response on that request, but we are going to oversee it for you so you are satisfied you will get it.

I know I have said a few things here and we have the decided advantage of having a senior Member of the Congress with great seniority and great insight here, Mr. Gilman. And it would be remiss if I didn't give him even more time than I have taken with this great panel. So, Mr. Gilman, if you will.

Mr. **GILMAN**. Thank you, Mr. Chairman. I will try to be brief. I want to welcome our panelists, Mrs. Mason, Mr. Peirce, and Mr. Peterson. They have certainly added to our understanding of the problems.

Mrs. Mason, on page 6 of your statement, you refer to the double whammy of losing one's job through RIF's and then contracting out occurring at the same time. Is the contracting out still an ongoing process despite the fact a base has been listed as being one of the closures that they are contemplating?

Ms. **MASON**. According to our information, it is so. We have just received a letter in late June regarding Fort Dix not having the double whammy effect, so to speak, but we do not know about the others. It is still going on in many places.

Mr. **GILMAN**. You say at Fort Dix they have stopped.

Ms. **MASON**. They have, yes.

Mr. **GILMAN**. I would hope that they would take a look at that and other base closures. They certainly do not need to add to the burdens of a closure by adding a contracting out situation since they are going to be closing down shop.

How much notice do your people get with regard to an actual termination date?

Ms. **MASON**. Usually, about 60 days.

Mr. **GILMAN**. Do you consider that to be an adequate enough time to assist in trying to develop a new base of employment or some training or whatever is necessary to develop a proper alternative solution?

Ms. MASON. Absolutely not. That is not enough time. Their whole life is involved, their families, and their very being. It is not enough time at all.

Mr. GILMAN. What would you recommend to be an appropriate amount of time?

Ms. MASON. Well, right now—and my testimony has mentioned—the Army has not even given an actual date. There is a lot of concern. There is a lot of apathy. For instance, in the Fort Dix area, this is the second time they have been hit with the proposed base closure.

Mr. GILMAN. Have they set a date for the actual closing of Fort Dix?

Ms. MASON. No, proposed dates only. You know, we have homes that have for sale signs on them. No one wants to buy them. The value of homes are going down. Many people are looking for work in other areas. They do not know what to do. Should we stay here and wait? Is it really going to happen or when is it going to happen? How do we plan? So, they need more time.

Mr. GILMAN. You heard Mr. Berteau, the Deputy Assistant Secretary, give his testimony. He sets forth in his testimony that the base closure law stipulated that all closings have to be completed by September 1995, that all closures have to be under way by September 1991, and that none can start before January 1, 1990.

Ms. MASON. Yes.

Mr. GILMAN. So, it seems that at least we have some scheduling that gives us some guidelines. However, you still have not had any specifics with regard to any dates. Is that the same thing for you, Mr. Peterson?

Mr. PETERSON. Right, same in Chanute. We have had two initial briefings. We had a slide presentation that said until there is any funding—nothing is definite, you know. We'll get back to you. We anticipate getting a notice of involuntary separation with an effective date that could go as far down the road as a year, which would be great. They have expressed they would like to try and give us a lengthy period of time like that.

Mr. GILMAN. I think this hearing has certainly highlighted the need for a number of things to be done.

I was surprised to hear our OPM office say that they do not have any teams to go out to the bases and give proper information to the employees on what is available. Certainly it would seem to me that the employee unions should be part of such a team to be there and be of assistance to help in counseling and to know what the problems are.

I would hope that, Mr. Chairman, our committee could take a look at the problems that are going to exist when this program finally gets under way by January of 1990, and that is not too far away, as we know.

We certainly welcome your constructive suggestions and any additional suggestions. I am sure that our chairman would welcome having them, and I know the balance of the committee would welcome having them. We want to make this as smooth a transition as possible.

Thank you.

Mr. KANJORSKI. Thank you very much, Mr. Gilman.

As a matter of fact, I was interested in your comment. And I know that Mr. Smith is still here and I want to point it out.

Mr. Peterson, you brought a point that struck at my heart because I realize that there are thousands of families out there that may actually be changing State residencies. And if they have children going off to college, it could significantly effect the tuition rate. And it is that side of indirect problems that perhaps sometimes government doesn't see. I know if you were to go to Penn State, your tuition as a resident of Pennsylvania is significantly different than if you are a non-resident. And for a 19 year old, that could be a significant trauma to have to either leave school just because dad or mother had their job changed.

So, it is with those type of human problems that I hope that the Department of Defense and the Office of Personnel Management operate, that we are not just dealing with a person who lost their job and placing them, that we are dealing with a whole family and a whole community and a whole nature here. And there a lot of direct and indirect relationships here that get confused and get affected. And I would hope that when we are putting these programs together, that we take that into consideration and realize that is what we have to address ourselves to.

And that is why this lead time is very important. If you were to be transferred, for instance, from Kentucky in the closing of that installation to Pennsylvania, you may want your child to matriculate at a Pennsylvania university as opposed to a Kentucky school because it may be impossible to continue later on. So, we will take that into consideration.

Mr. GILMAN. Will the gentleman yield?

Mr. KANJORSKI. Yes, sir.

Mr. GILMAN. I am pleased that Mr. Smith is still here. Did our panelists say that they are having difficulty in conferring with regard to base closures with the various agencies? Did I hear you correctly?

Mr. PEIRCE. Yes.

Mr. GILMAN. Have those requests been addressed to OPM?

Mr. PEIRCE. Well, in the process we have, OPM does not get involved in that side of it, period.

Mr. GILMAN. It would seem to me OPM should be involved if it concerns employment relationships here.

Mr. Smith, Could you just come up a moment to the table? Mr. Smith, is there some problem of meeting with employee organizations, unions, to make certain that they have a voice in all of this and are consulted and try to be of help?

Mr. SMITH. No, sir. There are two levels to that. I think what Mr. Peirce is talking about is the actual relations between the employees and their managers occurs locally and is not something that we are involved in.

Mr. GILMAN. Well, I would assume that you would have some interest in trying to resolve those problems.

Mr. SMITH. I will confess to not having asked Mr. Peirce and his colleagues to come in, and we should have done that. But I would also point out that I don't think that they had called us either. And it is communications that I think we need to work on.

Mr. GILMAN. Could you work on that?

Mr. SMITH. Certainly.

Mr. GILMAN. I would hope that as a result of these hearings you could come up with a set of guidelines that would go out to all of the agencies of how to better accomplish the transition that is going to be needed to offset the traumatic impact of a base closure. I would hope that you could submit those guidelines to us so that our committee could also make some input with regard to it. Can you do that?

Mr. SMITH. Yes. As I have already committed, we will certainly look at that.

Mr. GILMAN. We would appreciate that, and I would hope you would extend an invitation then to the employee unions so that they could help make some input with regard to such guidelines.

Mr. SMITH. Certainly. I look forward to Mr. Peirce's help.

Mr. GILMAN. Thank you.

Thank you, Mr. Chairman.

Mr. KANJORSKI. Thank you very much, Mr. Gilman.

And thank you very much to the panel for coming and testifying. I think we may have a new day. Thank you very much.

[Whereupon, at 12:43 p.m., the subcommittee was adjourned.]

[The following statement was received for the record.]

Federal Bar Association

JUL 9 1989

July 13, 1989

Honorable Paul Kanjorski, Chairman
Subcommittee on Human Resources
House Post Office and Civil Service Committee
A603 HOB Annex 1
Washington, D.C. 20515

Dear Congressman Kanjorski:

Thank you for bringing attention to some of the problems experienced by Government personnel at the bases targeted for closing. The Federal Bar Association represents the interests of attorneys who are in the Federal Government or practice before government agencies. Please accept this letter as our statement for the record in your proceedings on base closings.

Last month, we received information that Federal attorneys are not being given the opportunity to be placed on the priority rehire lists compiled by the Defense Department to assist employees in being placed in other jobs. Since we can only assume that the reason they are not be placed on the list is not because they are attorneys, we believe that the distinction must rest on the fact that attorneys are excepted service employees. The distinction between competitive service and excepted service employees has been a blurred one for many years. Although at one time it may have provided some reasonable basis for treating the two groups differently, today they compete in very much the same way. The only difference is that an excepted service employee generally must have some kind of credential, such as a law degree. There is no reason for distinctions to be drawn in so serious an area as job placement. The system must be changed to allow attorneys the same advantage as the other base employees in being assisted in finding another job. I noted at the hearing that the Defense Department had no reason for keeping the attorneys off the list, and seemed willing to change the rule administratively. Any assistance you or your subcommittee can offer will be gratefully accepted. We look forward to working with you to bring about this change.

Respectfully,

Catherine A. Ball

Catherine A. Ball, Chair
Career Service Section
Federal Bar Association